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OCTOBER 1937



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The Economic Situation and Outlook of Czecho-Slovakia

By Dr. Gerhard Schacher.

I

IN any estimate of the commercial and financial development of Czecho-Slovakia, of the country's power of resistance to the recent crisis, and of its present general economic position, the reader should have uppermost in his mind that this was the Succession State which inherited the most important industrial assets of the old Habsburg Monarchy. Thus before the War the whole amount of pit-coal mined in Austria-Hungary was about 16 million metric tons, and of this not less than 13 millions came from territory which is now part of Czecho-Slovakia. Sixty per cent. of the total output of lignite, and 66½ per cent. of all the steam boilers in Austria-Hungary were in territory now included in Czecho-Slovakia. Moreover, Bohemia and Moravia alone accounted for no less than 52 per cent. of the whole Austro-Hungarian industrial output.

In such circumstances it was not long before difficulty arose in disposing of our industrial products, inasmuch as the existing plant had been designed to meet the requirements of the whole Austro-Hungarian Empire and of the Balkan States, whilst we were confronted after the War with the stubborn fact that all the Succession States, and, indeed, most Mid-European and S.E. European States, built up their

own industrial plants in order to become independent of Czecho-Slovakia.

This being the case, the major problem for Czecho-Slovakian industrialists and exporters was to replace lost markets by fresh ones in Western Europe and overseas. The problem was the more insistent because, owing to the severe agricultural slump, the purchasing power of the Central and South-Eastern European States fell heavily and they could only pay for imported goods by means of barter. It can, however, be affirmed that the problem has now been solved, and that to-day, with the world economic crisis past, Czecho-Slovakian foreign trade is in a sounder condition, and has greater powers of resistance owing to its constituent elements, even than in 1929, although admittedly the same volume of trade has not yet been reached.

Thus our exports to countries of the sterling area and to the United States in the first half of 1937 rose by 73·60 per cent. by comparison with the same period in 1936, and those to France, Holland, Poland, and Switzerland by 72·12 per cent. The corresponding rise to Germany was only 25·67 per cent., and to other countries working under clearing agreements it was 44·33 per cent.

The increase in the value of our foreign trade was most marked in the case of Anglo-Saxon countries. In the first six months of the years 1935, 1936 and 1937 our exports to Great Britain were 237, 306 and 457 million crowns in value, and our imports from Great Britain rose from 166 million crowns in the first six months of 1935 to 379 million crowns in the first six months of 1937. In regard to the United States there was an increase in the value of exports from 266 to 515 million crowns for the same period, and an increase from 164 to 407 million crowns in imports. Our imports from British India have about doubled, and those from South Africa have trebled. Our imports from Australia in the first six months of 1935 only amounted to 27 million crowns in value; in the first half of 1937 they had risen to 101 million crowns.

The increases in the value of our foreign trade and in our active trade balance are yet more remarkable if account be taken of the fact that, in the course of this essential and indispensable change of markets, Czecho-Slovakia—in contrast to nearly all other Central and S.E. European countries—suffered relatively minor losses owing to frozen credits due

for exports to Germany. In other words, and in point of fact, our improved foreign trade position is not, like that of many other States, merely a paper improvement; it is for the most part represented by payments in the shape of foreign exchange.

The total value of our foreign trade in the first six months of 1937, by comparison with the same period in 1933, rose from 6,470 million crowns to 12,500 million crowns, or by 93 per cent. Imports rose 87 per cent. in value, exports 99 per cent. The total rise in our exports in the first half of 1937, by comparison with the first half of 1936, was from 3,489 to 5,481 million crowns, and in our imports it was from 3,485 to 5,306 million crowns.

Yet despite this rise of some 50 per cent. in the value of our foreign trade we must not lose sight of the fact that we have not yet attained to pre-crisis figures. In 1930 our exports reached 17,000 million crowns and our imports about 15,000 million crowns in value. These high records of our foreign trade—in 1928 and 1929 they were even somewhat higher—are not likely to be experienced again in the near future. They were the result of the lavish credits which were showered during the boom period from western financial centres upon Central and S.E. European States. Such credits unfortunately enabled these States to import goods far and above their own natural capacity, and to pay for them in borrowed money, lent by London, Paris, and New York without any possibility of due repayment. To-day the development of Czecho-Slovakian foreign trade is slower, healthier, and more stable. The danger of reaction is correspondingly less. Notwithstanding the rise in the value of foreign trade, and especially in exports, during recent years, the export surplus has admittedly not reached the level of 1928–1930, when it was round about 2,000 million crowns.

The operative reason why, despite the increase in the turnover of our trade, the first half of 1936 only showed an export surplus of some four million crowns, and the first half of 1937 one of 175 millions, was that Czecho-Slovak supplies of raw materials had to be replenished in view of our increasing commercial and industrial activity. Imports, especially from overseas, rose heavily both in volume and in value, the more so as they were accompanied by a rising world price level. On the other hand, we can now more or less look upon

this period as past, because industrial undertakings have to a considerable extent already laid in plentiful supplies of raw materials. At first the prices of exported finished goods rose only slowly, or at any rate far more slowly than did the cost of imported raw materials; at present, however, a marked improvement is taking place month by month in the prices of finished goods. The same can be said in regard to our export of cereals which has this year, for the first time, assumed considerable dimensions. This is a result of the tendency to develop home agriculture, for both before and during the crisis Czecho-Slovakia had almost always been a grain-importing country. Through the increase in the area of cultivation, the creation of a monopoly in cereals, and the imposition of import duties on a large number of foodstuffs, agricultural production has indeed increased to such a degree that, especially in view of higher world prices, the export of cereals has become inevitable.⁽¹⁾

The following general conclusions may be drawn from this summary review of the foreign trade position, made by way of introduction to an analysis of the industrial position and economic development of the country:—

(1) Czecho-Slovakian foreign trade during the past three years has experienced an almost uninterrupted rise in the volume and value of purchases and sales, yet without reaching even remotely the levels of the peak years. Nevertheless the value of foreign trade almost doubled between July, 1933, and July, 1937.

(2) There has been a thoroughly healthy change in the outlets and markets of our foreign trade, inasmuch as those western and overseas countries which are our main suppliers of raw materials are also steadily becoming the principal purchasers of Czecho-Slovakian exports. Since these countries pay in foreign exchange and not by means of clearing agreements, they are laying the best foundations for increased Czecho-Slovakian purchases in their own markets.

(3) In consequence of our heavily increased requirements in raw materials, which have to be imported, our

(1) The Cereals Monopoly has been more or less severely criticised in Czecho-Slovakia itself. It entails an increase in production and the accumulation of large stocks of cereals and has not invariably given the best economic and political results. But it is very largely a consequence of self-sufficiency policy in foodstuffs pursued by all the neighbouring States of Czecho-Slovakia.

rising exports have not, up to the present, attained a marked surplus over imports. Nevertheless our export surplus is rising, though it is still far below that of the peak years.

One special fact is deserving of attention in addition to these general conclusions.

If the trend of the import and export trade of four typical Central European and S.E. European States with Great Britain between 1929 and 1937 is compared, on the basis of the prevailing level of sterling in the second quarter of each year, it will be seen that, apart altogether from the exceptional case of British imports from Roumania, Czecho-Slovakia is the only one of those States whose imports and exports from and to Great Britain are higher than in the year 1929.

BRITISH FOREIGN TRADE WITH AUSTRIA, CZECHO-SLOVAKIA, GREECE AND ROUMANIA
(Second Quarter of Each Year. 000's omitted)

| | British Imports. | | | | British Exports | | | |
|-----------------|------------------|------|--------|--------|-----------------|------|------|------|
| | 1929 | 1933 | 1936 | 1937 | 1929 | 1933 | 1936 | 1937 |
| Czecho-Slovakia | £1,714 | £605 | £1,337 | £1,845 | £560 | £185 | £411 | £676 |
| Austria ... | £600 | £292 | £530 | £589 | £613 | £197 | £344 | £490 |
| Greece ... | £385 | £335 | £222 | £227 | £1,099 | £466 | £885 | £606 |
| Roumania ... | £439 | £978 | £881 | £1,119 | £574 | £560 | £228 | £433 |

Both the sharp rise in the volume of foreign trade, and the relatively better economic status of the countries with whom trade is carried on now in consequence of our change of markets, show that the industrial position of Czecho-Slovakia has markedly improved. This manifests itself in increased production, more profitable use of industrial capacity, decrease in unemployment, better returns on invested capital, higher State revenue, and, finally, in the prospect of larger fields for safe investment. Our aim must now be to probe what is the real evidence of such an expansion of activity, and what are the prospects that it will be both abiding and progressive.

II.

In any discussion of Czecho-Slovakian industrial production the rearmament position, and the whole field of mining and engineering industry, must first claim attention. In July, 1937, the production of pig-iron was larger than that of 1929 for the first time. The quantity attained in July, 1937,

was 139,000 metric tons by comparison with 89,000 in July, 1936, and 137,000 in July, 1929. The increase in the production of pig-iron and crude steel in the first seven months of 1937, as against those of 1936, appears from the subjoined tabular statement :—

| | | | | Pig-Iron | | Crude Steel | |
|--------------------------|-----|-----|-----|---------------|-----------|-------------|-----------|
| | | | | (Metric Tons) | | | |
| | | | | 1936 | 1937 | 1936 | 1937 |
| First Quarter | ... | ... | ... | 263,000 | 387,000 | 336,000 | 534,000 |
| Second Quarter | ... | ... | ... | 270,000 | 419,000 | 364,000 | 571,000 |
| | | | | | | | |
| May | ... | ... | ... | 92,000 | 143,000 | 119,000 | 189,000 |
| June | ... | ... | ... | 89,000 | 136,000 | 119,000 | 202,000 |
| July | ... | ... | ... | 89,000 | 139,000 | 124,000 | 204,000 |
| 1st January to 31st July | | | | 622,000 | 1,045,000 | 824,000 | 1,309,000 |

Sales of pig-iron and rolled steel are likewise increasing. The exceptional activity of the rearmament, iron and engineering industries can be gauged by the fact that in July, 1937, sales of rolled steel exceeded those of July, 1929. The following figures relate to sales in the first seven months of 1936 and of 1937 :—

| 1936 and 31 1937: | | | | Pig-Iron | | All kinds of Rolled Steel | |
|--------------------------|-----|-----|-----|---------------|---------|---------------------------|---------|
| | | | | (Metric Tons) | | | |
| | | | | 1936 | 1937 | 1936 | 1937 |
| First Quarter ... | ... | ... | ... | 24,500 | 61,900 | 153,000 | 263,000 |
| Second Quarter | ... | ... | ... | 34,400 | 69,100 | 188,000 | 306,000 |
| May ... | ... | ... | ... | 10,000 | 22,200 | 63,000 | 88,000 |
| June ... | ... | ... | ... | 13,500 | 25,000 | 63,000 | 99,000 |
| July ... | ... | ... | ... | 11,000 | 24,400 | 60,000 | 105,000 |
| 1st January to 31st July | | | | 69,900 | 155,400 | 401,000 | 674,000 |

This picture of increased production and sale of iron and steel may be completed by a reference to the large increase in the amount of coal mined and used. If comparison be made between the first seven months of 1936 and those of 1937, it will be noticed that the quantity of pit coal mined in July, 1937, was 1,443,000 tons, and thus for that month exceeded that of the peak year 1929, which, in July, was 1,350,000 tons. In the case of lignite the production is less, namely, 1,390,000 tons in July, 1937, against 1,736,000 in July, 1929. On the other hand, the production of coke in July, 1937, at 290,000 tons, was 85 per cent. higher than in July, 1936, and 12 per cent. higher than in July, 1929, when it was 260,000 tons.

Comparison of the production of coal and coke in the first seven months of 1936 with those of 1937 gives the following results :—

| | 1936 | 1937 |
|-----------------|---------------|-----------|
| | (Metric Tons) | |
| Pit Coal | 6,420,000 | 9,443,000 |
| Lignite | 8,629,000 | 9,008,000 |
| Coke | 1,553,000 | 1,727,000 |

The sales of coal and coke during the period from January 1st to August 15th, 1937, show the following rises over the same period in 1936: lignite, 18·8 per cent.; pit coal and coke together, 52·2 per cent.; coke alone, 58 per cent. The largest user of coal in Czecho-Slovakia is the iron industry, which altogether consumed 222,000 tons in July, 1936, and 367,000 tons in July, 1937; then come electricity works for which the figures in the months named are 105,000 tons and 127,000 tons, sugar factories which consumed 48,000 tons and 73,000 tons, and chemical industries which consumed 45,000 tons and 59,000 tons.

These returns not only indicate a remarkable recovery in the heavy industries, but of course also signify an exceptional development in armaments. It is, therefore, a matter of cardinal importance to Czecho-Slovakian economic interests to determine whether the present wave of prosperity, which in many sections of industry has nearly attained the high levels of 1928 and 1929, is solely due to the vast armaments business of the country. If this were the case, then, with a change in the international political outlook, there might perhaps be cause for apprehension of some sudden collapse.

Closer consideration of the position shows, however, that recovery has not been by any means confined to the armament trades, although this admittedly has, as in other countries, played an important part. The great Czecho-Slovakian heavy industries are far from being exclusively armament undertakings of the type of the Rhine-Westphalian industries in Germany. On the contrary, they also work very largely for civilian needs both at home and abroad.

Especially in the light of experience during the first seven or eight months of 1937, it can be confidently affirmed that large concerns interested in the heavy industries have succeeded in securing contracts to supply civilian needs over a long period of years. Thus orders have been booked for the erection

and equipment of sugar and textile factories in S.E. Europe, in the Near East and in the Far East. An instance may be found in an agreement, concluded this summer after long negotiation by a group of Czecho-Slovakian heavy industrialists, for furnishing supplies to China to the tune of some £10,000,000. These supplies are predominantly for civilian requirements. In many directions, moreover, it may be observed that the armaments activity is now flowing over into more general economic activity. This development may be seen for instance in the fact that wagon factories since the middle of 1937 have been working up to full capacity, and that the building trade in towns is becoming month by month more fully occupied.

In 38 towns of Czecho-Slovakia during the first five months of 1937 permits for 1,052 new buildings were issued, as against 848 in the same period of 1936; and the transport of building materials to the various centres of Greater Prague amounted to 129,000 tons in the four months ended April 30th, 1937, as against 80,000 tons in the same period of 1936. There has been a marked and increasing shortage of skilled labour in the building trade, and this has been most noticeable in regard to dwelling houses.

The question of an extension of industrial activity from capital goods to consumption goods—which is developing here in contrast to the tendency in certain neighbouring States—is for Czecho-Slovakia of exceptional importance even in its political aspects, and especially in regard to Minority questions. In the central regions of the country industry is mainly occupied with the production of capital goods and armaments, and with sugar refining and with brewing. In the western and northerly districts of Bohemia, on the other hand, the main branches of industry are engaged in manufacturing consumption goods and goods for export. When the world crisis supervened these industries suffered more heavily than others. They had already been deprived of the vast free markets of the old Austro-Hungarian Monarchy where formerly there were no customs obstacles; export to Germany quickly dwindled in consequence of the increasing German shortage in foreign exchange; the textile industries also lost their markets in the Balkans, because Hungary and the Balkan States built their own factories and protected them by high tariff walls.

In a similar plight were the Bohemian glass industry and china manufacturers, and the Gablonzer fancy goods and

imitation jewellery trade, which had formerly enjoyed a dominating position on world markets. The upshot of all this was that unemployment affected mainly the exporting industries such as those enumerated. These were located in that part of the Republic peopled by the Sudeten Germans, and so the proportion of unemployed was relatively higher amongst them than in purely Czech and Slovak districts, which catered mainly for inland requirements. The industrial undertakings in Czech-speaking districts are, moreover, of later date and lesser capacity than those in Sudeten regions, which had been built up to meet a much larger and more widespread internal demand throughout the old Monarchy and, above all, for a vast export trade. Apart altogether from such general factors as these, there were also special circumstances which affected the Sudeten German industries very adversely during the world crisis.

Owing to the contraction of world trade arising from the crisis, and to self-sufficiency tendencies in those very countries which had before afforded some of the most important markets for the Czech consumption industries, the first people to suffer were the manufacturers of articles such as textiles, glass, china and fancy goods.

Next it should not be overlooked that the Sudeten German industrialists were, for the most part, working with large banking overdrafts. They were, indeed, hardly in a position to finance themselves since, during the boom period and in consequence of their mistrust of Czech currency, they had invested practically all their large profits in German securities and subsequently lost them on account of inflation in Germany and the German banking crisis.

Again, mainly owing to the invasion of Central European markets by the Japanese, certain changes were introduced which affected the whole structure of the consumption trade. Cheap Japanese textiles and other articles competed severely with the so-called Gablonzer fancy goods, including imitation jewellery. This formerly had been a very flourishing and a very profitable industry.⁽²⁾ It had given occupation to

(2) *Gablonz ware*.—The manufacture of glass trinkets began in the town of Gablonz and its environs in the eighteenth century. The glass produced includes mother-of-pearl, agate, cornelian, amber, and "Strass" glass for artificial gems, also Venetian glass compositions, filigree glass, tortoise-shell-like glass paste, and glass measures. Hatpins, brooches, combs, beads, umbrella handles and a large number of other articles are turned out, and are made not only from glass but from metals and from galalith (an artificially-produced paste made from casein), horn, and celluloid.

a considerable proportion of the Sudeten German population and often the gains in the trade had amounted to as much as 1,000 per cent. Although the most drastic sacrifices were made, it proved impossible to compete with the Japanese, and unemployment rose sharply during the crisis in North and Western Bohemia.

Statistics show that, with the advent of world recovery the unprofitable position of the Sudeten German industrialists is being modified in the right direction far more quickly than is the case in some Czech industries. The Sudeten Germans have secured rapid and important benefits in nearly every branch of industry from the resumption of their export trade.

The glove industry may be taken as a typical case. It is located in the frontier regions of Czecho-Slovakia inhabited by Sudeten Germans, and the principal market is in Anglo-Saxon countries. The comparison of figures for 1936 with those of 1935 is remarkable. Owing to the imposition of sanctions against Italy Czecho-Slovakia was able to secure the greater part of the customary Italian export of gloves to Great Britain. With the cessation of sanctions Italy's export to the United Kingdom re-started, but even in 1937 Czecho-Slovakian export has been increased, and it still holds the first place as against Italy. We exported 106,137 dozen pairs of gloves to Great Britain in the first half of 1936, and 143,042 dozen pairs in the first half of 1937. The proceeds amounted to £161,323 in the first period and to £218,486 in the second, an increase of no less than 30 per cent.

A similar state of affairs has prevailed in other typical Sudeten German industries, as, for example, in the glass trade, which had suffered severely during the crisis. The export of glass and glass goods rose from about 255 million crowns in the first half of 1936 to nearly 357 million crowns in the first half of the present year, and since the end of June, 1937, it has made further substantial progress. It is characteristic that a wider entrance into fresh overseas markets is constantly being won; thus the export of glass and glass wares to British India amounted to a value of 145,982 rupees in June, 1936, and to 292,276 rupees in June, 1937. In this manner the Czecho-Slovak glass industry—which, together with the textile branch suffered more severely than any others amongst the Sudeten German industries during the crisis—has now sur-

passed the exports from Germany and secured second place in supplying the wants of the Indian market, and it even threatens the Japanese position, which for the time being still occupies the first place.⁽³⁾

The revival in industrial activity and the increase in production are noticeable in almost every economic sphere in Czecho-Slovakia and are far more marked than in the adjoining Central European States. Only in regard to agriculture, and particularly the sugar industry, has recovery been less stable and constant. We should bear in mind that until well on in the post-war period Czecho-Slovakia held a leading position in supplying world markets with beet sugar. Owing to the stimulation of the sale of cane sugar and the consequent fall in world prices it was no longer possible for us to maintain our former level in the export of beet sugar. Numberless areas hitherto reserved for the cultivation of sugar beet were accordingly diverted to the raising of cereals and especially wheat, with the result that the import of cereals came to an end and there was a glut of bread cereals, as harvests exceeded our own powers of consumption. The export of cereals was extraordinarily difficult during the years of crisis, and in these circumstances, especially after the institution of the Corn Monopoly, the stocks carried over

(3) It may be noted that the change of markets for Czecho-Slovakian exports, to which reference has already been made, has especially benefited Sudeten German industries. This can be best appreciated by a table showing how the destinations of textile exports, which mainly emanate from Sudeten Germans, have altered between 1929 and 1937.

EXPORT OF TEXTILES FROM CZECHO-SLOVAKIA DURING THE FIRST
SIX MONTHS OF 1929 AND OF 1937

| DESTINATION | 1929 % | 1937 % |
|--|-----------|-----------|
| Sterling Bloc and U.S.A. | 22.3 | 40.2 |
| Former Gold Standard (France, Holland, Poland, Switzerland) | 9.1 | 15.6 |
| Clearing Agreement Countries (Austria, Hungary, Roumania, Bulgaria, Italy, Greece, Turkey, Brazil) | 49.1 | 29.2 |
| Germany | 13.8 | 7.7 |
| Other Countries and Free Ports... .. | 5.7 | 7.3 |
| TOTAL | 100.0 | 100.0 |

increased year by year. In view of the threatening political outlook in Europe the surplus supplies were at first accumulated as reserves for the event of war. When world sugar prices rose there was, during the last year or two, a gradual return to beet cultivation; and, in view of the rise in the price of cereals, a portion of our reserves of corn was disposed of advantageously abroad. The result is that Czecho-Slovakia, which was formerly a grain importing country, has now become a grain exporter. Probably this is only a passing phenomenon.

We can even now observe a distinct rise in the export of sugar, and, in view of the cardinal importance of the sugar industry to our country, this is a very favourable development. Our refineries are working longer hours, and signs are increasing that *the white gold*, as sugar has been called in Bohemia for many generations, is likely once more to become one of the most important sources of wealth in Czecho-Slovakian economy.

During the eleven-month period of the last sugar campaign (which lasted from October 1st, 1936, to August 31st, 1937), 726,216 metric tons of sugar were produced in Czecho-Slovakia, as against 570,598 metric tons for the previous campaign. The increase was 155,618 metric tons, and all parts of the country participated therein. The export in the eleven months ended August 31st, 1936, amounted to 153,256 tons, and for the eleven months ended August 31st, 1937, it was 313,612 tons, showing an increase of 160,612 tons, or more than double. This was the highest point for five years. The most important consumer of our sugar is England, and Czecho-Slovakia is now the main supplier of the British market. In the period between January 1st and July 31st, 1937, the total British import of refined sugar was 511,624 cwt., and of this Czecho-Slovakia provided no less than 231,040 cwt. Thus we have even outstripped the U.S.A., which in the previous year had held the first place.

This expansion in the export of sugar will not only have a favourable influence on our trade balance; it will also have a resultant reduction in the area of land under cereals. If such a reduction takes place we can again import cereals, and this would react favourably upon our exports of manufactured goods.

To sum up :—

(1) The whole industrial production shows a remarkable expansion, which, in the case of an exporting country such as Czecho-Slovakia will not only benefit our economy in general, but will more particularly improve our trade balance and our supply of foreign exchange.

(2) The expansion is not confined to purely Czech districts. In addition to a general improvement in heavy industries, the Sudeten German consumption goods trades benefit very rapidly from any increase in production and in exports.

(3) With the fading away of the crisis the character of Czecho-Slovakia as an exporting country is being ever more clearly restored. Almost in all *industries* we are approaching the position where we shall be working up to 100 per cent. of capacity, and a year ago such an improvement was simply inconceivable. In *agriculture* the prospects of the sugar beet industry, which was formerly exceedingly profitable and since declined, are now steadily improving.

The vast increase in production in Czecho-Slovakia is not due, as in some countries, to an exaggerated "rationalisation" of industry. An analysis of the labour market rather shows that it is almost wholly due to improved earning capacity; the analysis also shows that the improved economic position is playing its part in mitigating social and political strains such as exist in so many other countries notwithstanding their spectacular increases in production.

III.

Czecho-Slovakia came comparatively late into the economic crisis, and the number of unemployed in 1929 and 1930 still remained very low. Even in the winter of 1930 the sharp increase in unemployment was far from approaching a quarter of a million workers. 1931 showed further deterioration, and unemployment reached its peak in 1933. Then, apart from a slight reaction at the end of 1935, there was a steady improvement in the labour market, which at first affected all parts of the country more or less equally. The more the improvement progressed, the clearer it became that the industrial districts were those which most benefited

from the drop in unemployment. The following table sets out the general position clearly :—

UNEMPLOYMENT IN CZECHO-SLOVAKIA

| Year | End of June | End of July | End of August | End of the Year |
|----------|-------------|-------------|---------------|-----------------|
| 1931 ... | 220,000 | 211,000 | 215,000 | 486,000 |
| 1932 ... | 467,000 | 453,000 | 461,000 | 746,000 |
| 1933 ... | 676,000 | 640,000 | 626,000 | 780,000 |
| 1934 ... | 583,000 | 569,000 | 572,000 | 752,000 |
| 1935 ... | 606,000 | 567,000 | 558,000 | 794,000 |
| 1936 ... | 566,000 | 508,000 | 489,000 | 619,000 |
| 1937 ... | 304,000 | 248,000 | 233,000 | — |

The natural seasonal increase in unemployment, which was exceptionally striking in 1931, has shown in recent years a tendency to become less marked. The unemployment returns for August 31st, 1937, show a drop of 51·7 per cent. by comparison with the same date in 1936.

It is of interest to observe that the fall in unemployment has been much more rapid in Bohemia and Moravia, that is to say in the industrialised regions, than in Slovakia and Carpathian Ruthenia. This factor is also of political importance, inasmuch as the last census shows that the German element in the whole of Czecho-Slovakia represents 22·3 per cent. of the population. In Bohemia that element represents 32·4 per cent., in Moravia about 22·9 per cent., in Slovakia about 4·5 per cent., and in Ruthenia much less than 2 per cent.

Now it has already been explained why the Sudeten German industrialists suffered very acutely in the period of crisis and of unemployment. During that crisis frontier industrial populations suffered most severely almost everywhere, and this suffering was by no means peculiar to, or confined to, Czecho-Slovakia. The Berlin Institut für Konjunkturforschung went into the subject recently on a statistical basis and reached certain conclusions in regard to Germany. The Institut showed that, according to official German returns, 38 per cent. of the total unemployed in Germany at the end of March, 1937, were in the frontier districts, that is to say, Saxony, Silesia, and the Rhineland, whereas those districts only contain 25 per cent. of the total population. Now of the 469,000 unemployed mentioned in the frontier districts of the German Empire no less than 292,792 were in the localities bordering on Czecho-Slovakia.

If we analyse the recovery in employment in the Sudeten German regions of Czecho-Slovakia during, say, April and May, 1937, we shall perceive that the recovery in the industrial Sudeten German parts of Bohemia, by comparison with the same months in 1936, was, on the average, about twice as rapid as in Bohemia as a whole. In the 20 industrial districts of Bohemia where the German population exceeds 80 per cent. of the total population the number of unemployed in May, 1936, was 100,483, and in May, 1937, it had fallen to 64,756. Admittedly in the ten corresponding agricultural districts of Bohemia the recovery was less marked; here unemployment only fell from 24,287 in 1936 to 18,243 in 1937. In the German-speaking districts of Moravia the position is even more striking; here unemployment in the course of a year has fallen some 66 per cent., that is to say, to one-third of the level of the previous year. This development is also favourable in a political sense, and is mainly due to the fact, already dwelt upon, that the frontier regions are concerned for the most part with the production of consumption and export goods.

But the recovery in employment has also been expedited by the energetic suppression of some mistakes due to errors of judgment and misguided zeal on the part of certain officials.

What I have particularly in mind is cases where, during the years of crisis, Czech workmen were introduced into Sudeten German territory and pure Czech firms were awarded contracts for public works to a far greater extent than the ratio of population justified. Happily owing to an agreement reached on February 18th, 1937, between the German and Czech Government parties these mistaken courses, which have been frankly recognised as such on the Czech side, have now been put an end to. But the operation of the February agreement has only partially contributed to the improvement, whereof the main and operative reason is economic, as already explained.

The general and sharp recovery in employment has resulted in a raising of the volume of wages and in an improvement in the standard of living in the country. The average daily nominal wage, according to official statistics, was 19·11 crowns in 1929; down to the year 1935 it gradually fell to

15.92 crowns; and in July, 1937, it had risen to 17.29 crowns. This is by no means to be solely ascribed to a rise in the standard rates of wage; it is mainly due to a lessening in short-time work and to the absorption of workers and officials in higher paid employments.

It must be conceded that the cost of living in Czecho-Slovakia has, partly owing to the devaluations of 1934 and 1936, slowly risen, so that real wages have, in fact, risen rather more slowly than nominal wages. But when we turn to the total consuming capacity of the working classes the most important consideration is that the number of wage earners has sharply increased. The nominal wage level in the first quarter of 1935 was only 63 per cent. of the average of 1929; in July, 1937, it had risen to 80 per cent. If we take into consideration the simultaneous rise in the price-index numbers, then we shall see that the actual purchasing power of wages, which in the first quarter of 1935 was only 68 per cent. of the actual purchasing power of the total wage in 1929, had risen to 83 per cent. in July, 1937. It is thus established that the consuming power of the home market is steadily on the up-grade. The economic condition of the country is not only benefiting large industrial undertakings and their associated financial institutions; it is, in far higher degree, proving advantageous to the masses of the population. So far from being driven back on an ever-diminishing share in the profits of industry, it is they who are buttressing industry by their own greater purchasing power.

Manifestly also the steady increase in profits must contribute to the improvement of State finances, although what is saved on unemployment benefit is far more than outweighed by the compelling necessity the State is under to make large contributions to our needs of defence.

The persistent and large financial requirements of the State in order to cover armaments and undertakings of a predominantly military character must form the point of departure in any review of the growth of the public debt. Nor should we overlook the fact that Czecho-Slovakia is in no exceptional or peculiar situation; indeed, both the crisis and rearmament, which has become unavoidable owing to the political situation, weigh down the finances of every country and have entailed an increase in State indebtedness

everywhere since 1929 and 1930. The extent of necessary rearmament is so great all over the world, or at any rate on the Continent of Europe, that it cannot be covered by taxation alone and must lead to an increase in the public debt. Such has also been the case in Czecho-Slovakia; here, however, the first aim has been to keep the external debt as low as possible, and to cover necessary outlays by means of internal loans and credits.

IV.

Let me begin by recording the proud fact that Czecho-Slovakia is the solitary State in Central Europe which has punctually met the service of its foreign debt. She has not been in default in any of her secured foreign loans, which are indeed few in number. In regard to unsecured foreign loans and indebtedness arising from the World War, Czecho-Slovakia, like England, France, and every European State apart from Finland, has not met her obligations towards the United States of America. But, having regard to the special nature of those obligations, the fact of non-payment should not be allowed to obscure or adversely to influence the fine record of Czecho-Slovakia, unparalleled as it is in Central, East, and South-East Europe in these latter times, when repudiation or default has unfortunately become far too prevalent.

The internal State debt rose in the crisis period—that is to say from the Financial Year, 1931, to the Financial Year, 1937—from 25,039 million crowns to 36,605 million crowns, or, in sterling, from £178,000,000 to £261,000,000. In 1931 a long-term internal loan of some 1,300 million crowns was subscribed. In 1932 a French loan for 750 million crowns was raised, and its term was prolonged for five years. In 1932 a "Work Loan" was issued on the internal market and yielded 2,012 million crowns. In 1936 a "Defence Loan" was issued on the internal market and subscribed to the extent of 4,000 million crowns. Besides this, a number of other State expenses and Budget deficits were covered by short-term bills, so that the amount of the floating debt has become unduly high in regard to that of the funded debt, and still more so in regard to that of the external debt.

The following table shows the internal debt (divided into funded and floating) and the external debt :

CZECHO-SLOVAKIAN STATE INDEBTEDNESS, 1931-1937

(From official statistics)

(Czecho-Slovakian crowns. 000,000's omitted)

| | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 |
|--------------|--------|--------|--------|--------|--------|--------|--------|
| INTERNAL ... | 25,039 | 25,901 | 26,451 | 28,684 | 29,033 | 30,773 | 36,605 |
| Whereof : | | | | | | | |
| Funded ... | 21,843 | 22,821 | 22,368 | 24,232 | 23,860 | 23,312 | 28,007 |
| Floating ... | 3,196 | 3,080 | 4,083 | 4,452 | 5,173 | 7,462 | 8,598 |
| EXTERNAL ... | 8,426 | 8,350 | 8,838 | 7,453 | 8,235 | 8,160 | 8,149 |

These statistics reveal that the internal indebtedness has risen sharply and that the percentage increase of the floating debt is by far the largest. Payment of interest on the internal debt has been regularly met ; the sinking fund was suspended in 1934 but is to be resumed in 1938 at a cost of 160 million crowns.

As against this increase in the internal debt it must be borne in mind that the cost to the State of such heavy indebtedness is less at the present time than was the cost of a smaller debt in 1931, because a special tax has been imposed upon the payment of State loan coupons, and the rate of interest has also, by agreement, been lowered. The coupon tax in question was introduced in 1934 in respect of all State loans, and the rate of interest payable was thereby reduced by a sixth. About 21 thousand million crowns of loans were unified in 1936 into a single loan, bearing interest at 3 per cent., $3\frac{1}{2}$ per cent., and $4\frac{1}{2}$ per cent., according to the special category of loan converted.

In the year 1931 a sum of 1,673 million crowns was allocated for payment of interest on State loans, 551 million crowns were allocated for sinking fund purposes, and 13 million crowns for costs of administration. The total was thus 2,237 million crowns. In 1937 the total required for the service of State loans had fallen to 1,700 million crowns, whereof 1,427 millions are for interest on the whole internal debt, 184 millions are for interest on the external debt, while the rest is devoted to sinking fund and administration costs. In 1937 the total burden on the State finances for a capital debt which is higher than that of 1931 by one-third had fallen by more than 500 million crowns.

The upshot is that :—

(1) The State indebtedness of Czecho-Slovakia between 1931 and 1937 has heavily increased. Apart from the results of the crisis this increase is mainly due to the inescapable need of providing the country, in critical times, with adequate means of defence against aggression.

(2) The necessary finance was almost exclusively raised in the home market, but in this process recourse was had to a very large extent to short-term bills. Despite this, in view of the economic and financial strength of Czecho-Slovakia and having regard to the grave problems of finance which confront every country owing to international political conditions, the indebtedness of our country cannot be regarded as excessive, especially as

(a) The standing of Czecho-Slovakia is particularly good in all great financial centres owing to the country's punctual record of payment and

(b) The drop in interest rates (even if the two devaluations of the crown in February, 1934, and October, 1936, are taken into account) and the fact that so large a proportion of the total indebtedness is internal have eased the position by comparison with 1931, even though the debt is now much higher in capital amount.

V.

Revenue during the crisis could not keep pace with the steadily growing need to increase expenditure, especially on measures of defence. This has resulted in deficits in Czecho-Slovakia and, as elsewhere, they have had to be met by borrowing. The consequences have already been set out in the description of the growth of State indebtedness. It must be assumed that expenditure will also exceed receipts in 1937, and that there must be a further increase of expenditure.

Even at the end of the financial year 1936 a 'Three Years' Plan for special undertakings, principally relating to armaments, was announced. The cost was put at a total of 15,000 million crowns (about £106,000,000). Five thousand million crowns were to be raised in each of the years 1937, 1938 and 1939. Amounts of this magnitude can naturally only be raised by means of borrowing, and this was successfully carried through

in 1937, 4,000 millions out of the 5,000 millions raised being in the form of an internal Defence Loan.

Of course it is essential, in the interest of further borrowing, not only that public confidence should be maintained—a relatively easy matter since the note issue of the Central Bank in Czecho-Slovakia is covered to the extent of 40 per cent.—but above all that the ordinary budget should be really balanced now that the economic crisis is past, so that further deficits should not emerge at the end of the year. It seems desirable, in view of the steadily improving economic situation and of public patriotism, to limit future public issues to State loans. The introduction of balanced ordinary budgets should be facilitated by the more buoyant yield of taxes and by the savings which have been made by the State in consequence of the improved economic condition of the country. Such savings primarily arise from lower demands for public assistance to the unemployed, since unemployment has fallen in a very gratifying degree, as has already been shown. Then the deficit on the State Railways should be considerably reduced with the passing of the economic crisis and the increase of tourist traffic. In regard to direct taxes, the yield, especially of income tax, has been higher in 1937, and the rise should continue.

The average national income of Czecho-Slovakia during the years 1926–1929 was estimated at 80,000 million crowns, and during the crisis year of 1933, it was put at 40,000 to 45,000 million crowns. It is hard to assess its present level or to tell how soon it may reach the earlier figures, but it must be considerably higher than in 1933 in view of the large increase in exports, the rise in figures of production, increased earnings, and the rise in the world price-level for many products exported from Czecho-Slovakia.

There is no thought of raising the income tax, and none of raising indirect taxes on such commodities as beer, sugar, tobacco, etc., as such measures would check business expansion and public consumption. But in addition to the considerable savings in State expenditure already indicated, and in addition to increased revenue, some method must be found of covering the deficit of about 1,700 million crowns in the budget. This sum is largely required to meet the cost of additional officials—mainly German-speaking—of increased defence measures, and of the upkeep of public works, including the armament

stock. There are various ways of meeting these additional expenses, especially as there is at present no property tax in Czecho-Slovakia and no special taxation is imposed on armament firms. It should be the more easy to raise fresh revenue since the country has participated in the world economic recovery, and trade and industry and State finance are one and all in a healthy condition.

Nor should it be overlooked that the total service of the public debt is officially computed at only about 11 per cent. of State expenditure, that the external debt is less than 18 per cent. of the total State indebtedness, and that a very large part of the external debt has now been acquired by Czecho-Slovakians and thus been repatriated. Our private industry, moreover, has not borrowed at all heavily abroad.

In these circumstances the possibility of borrowing abroad in future is a valuable further reserve for the country, although no doubt every effort will continue to be made to raise any necessary sums on the home market.

This principle of borrowing at home is based on our own industrial power but it in no sense arises from any desire for self-sufficiency. Czecho-Slovakia, which is in a very high degree dependent on her foreign trade and her relations with countries economically and politically friendly, has always championed the idea that everything possible must be done to restore freedom of movement for capital, for goods and for populations. The whole economic structure of the country postulates free-trade tendencies. Above all, these economic convictions are easy to appreciate if we take into consideration that they are based on the noble conceptions of Masaryk and Benes, who have pictured the modern Czecho-Slovakian State as built up upon principles of humanity, of international goodwill and co-operation.

GERHARD SCHACHER.

PRAGUE,

September, 1937.

Notes of the Month

The Money Market.—Money was easy and plentiful during most of September, largely because of seasonal influences. By the end of August the holiday currency had mostly returned from circulation, thus replenishing both the Bank of England's reserve and also joint-stock bank cash. Furthermore, heavy Government dividend and other payments at the beginning of September led to a transfer of funds from public deposits, which had been growing during August, to banker's deposits, and so to a further augmentation of joint-stock bank cash. The following extracts from recent Bank returns illustrate these movements.

| | Aug. 4th | Aug. 25th | Sept. 15th | Sept. 29th |
|-----------------------|----------|--------------|------------|------------|
| | | (£ millions) | | |
| Note circulation ... | 503.9 | 488.3 | 488.1 | 488.5 |
| Reserve ... | 23.6 | 39.6 | 39.9 | 39.6 |
| Public deposits ... | 9.8 | 25.4 | 12.5 | 21.8 |
| Bankers' deposits ... | 95.5 | 92.8 | 108.4 | 95.1 |

The return for September 29th illustrates another seasonal disturbance. During the last two or three days of the quarter there are always heavy payments for new Treasury bills, as the market is anxious to be well supplied with bills maturing at the end of the year, when there is a general need for cash. Conversely the market is always reluctant to take up new bills just before the end of the half-year, and so there are no Treasury bills maturing during the last few days of September. This temporary excess of Treasury bill payments over maturities explains the diversion of funds from bankers' to public deposits at the end of September, but unlike previous years there was no undue demand for loans.

The increase in bankers' deposits to over £100 millions naturally made money easy during most of the month, while the banks were also eager buyers of bills. Again, there was a keen general demand for Treasury bills maturing at the end of December, with the result that the average tender rate dropped to just below $\frac{1}{2}$ per cent. This is a purely temporary decline, and the rate has now returned to just over $\frac{1}{2}$ per cent.

The Foreign Exchanges.—The chief event during September was the fresh depreciation of the franc. This was primarily because the French authorities decided to relax their support,

and sterling quickly rose from Frs.132 to Frs.147, reacting later to Frs.144. Three months' francs also depreciated to the wide margin of Frs.7 discount, equivalent to a rate of over Frs.150 to the pound. Early in October there was a fresh depreciation of the spot rate to over Frs.150, while forward rates went out to still wider discounts owing to the curtailment of forward operations in Paris. The new French Government's financial reforms continue to command a fair degree of confidence, though it is not quite clear how extraordinary expenditure in 1938 is to be covered. It is, however, apparent that the Banque de France's present gold reserves of about Frs.56,000 millions are to be maintained intact, and will not be available for the support of the franc. This throws the whole burden of supporting the franc on to the gold reserves of the French Exchange Fund, and these must now be running low. Also the operation of the Rentes Stabilisation Fund, established last August, have had certain repercussions. The Fund was created out of the profits of the July gold revaluation, and consisted originally of a franc balance at the Banque de France. As the Fund is used to buy in rentes, these francs are released to the general public, and many of them have been transferred to foreign centres, that is exchanged into foreign currencies. Hence, while this new Fund has helped the rentes market, it has proved a fresh source of weakness to the foreign exchange market. These technical influences, however, are of minor importance—the basic fact is that the franc has still to find its new level.

Dollars, on the whole, strengthened during September. There was less Japanese selling than in August, while the normal autumn commercial demand has now begun. Still, the net drop in sterling was very limited, being only from \$4.98 at the end of August to \$4.95 a month later. The depreciation of the franc was the cause of some weakening of the belga towards the end of September, and gold was shipped from Brussels to New York. This reacted upon the dollar, for some of the dollars obtained for this gold were promptly sold in exchange for sterling, and so the tendency of the dollar to appreciate against the pound was partially checked. Towards the end of the month Dutch guilders appreciated slightly against the dollar, mainly because of Dutch sales of American securities and the transfer of the proceeds to Holland.

The Stock Exchange.—International developments and a general feeling of *malaise* have led to a pronounced set-back in Wall Street. This was reflected in London during the early part of September, but latterly London has shown a tendency to recover. A striking exception to this weakness was the market in British Government securities, which remained very firm during the last three weeks of the month. Foreign bonds were weak, and there were naturally wide fluctuations in Chinese and Japanese bonds. Home rails were weak early in the month, but have since improved. The trend of industrial shares was downwards until September 20th, mainly because of losses incurred in Wall Street by certain operators in the British market. On September 20th, however, the downward trend was reversed. Largely because of encouraging trade news, there was a slight but definite recovery, and further reassurance was afforded when the settlement of September 23rd was passed with much less difficulty than had at one time seemed possible. Oil shares followed the general trend, rallying towards the end of the month. Rubber shares remained dull. Gold-mining shares were irregular and weak early in September, but there has since been a sharp recovery. Base-metal mining shares moved downwards in sympathy with other markets and failed to recover at the end of September.

Overseas Trade.—Apart from a seasonal decline in British exports the August trade returns are encouraging. Imports are well maintained, and both imports and exports continue to run ahead of those of previous years. The month's returns are summarised below :—

| | Aug., 1935 | Aug., 1936 | July, 1937 | Aug. 1937 |
|---------------------|--------------|------------|------------|-----------|
| | (£ millions) | | | |
| Imports ... | 59.1 | 66.1 | 85.5 | 86.7 |
| British exports ... | 34.9 | 35.3 | 47.6 | 42.5 |
| Re-exports ... | 4.2 | 4.4 | 6.8 | 6.7 |
| Total exports ... | 39.1 | 39.7 | 54.4 | 49.2 |
| Import surplus ... | 20.0 | 26.4 | 31.1 | 37.5 |

Between July and August this year British exports fell by £5.1 millions. A year ago there was a drop of £4.8 millions, while the corresponding 1935 decrease was £1.5 millions. To judge from the 1936 returns, September exports will also

be on the low side, and the holiday contraction will not be over until October. Comparing August of this year and last, imports of food have risen by £5·7 millions, those of raw materials by £7·9 millions and those of manufactured goods by £6·9 millions. In the last category much of the increase is either in goods which are virtually raw materials, or else in iron and steel and machinery, the home demand for which is, in certain respects, out-running the supply. In all these categories due allowance must be made for the year's rise in prices. On the export side of the account, coal shipments were £1·0 millions higher, while exports of manufactured goods have risen by £5·9 millions.

The returns for the first eight months of the past two years are summarised below :—

| Description | Jan.-Aug., 1936 | Jan.-Aug., 1937 | Increase (+) or Decrease (-) |
|---------------------------------------|--------------------|--------------------|------------------------------------|
| | £ mn. | £ mn. | £ mn. |
| Total Imports | 536·6 | 654·4 | +117·8 |
| Retained Imports | 494·8 | 600·2 | +105·4 |
| Raw Material Imports | 158·7 | 205·6 | + 46·9 |
| Manufactured Goods Imports | 136·9 | 178·0 | + 41·1 |
| Total Exports, British Goods | 283·2 | 341·4 | + 58·2 |
| Coal Exports | 18·9 | 23·9 | + 5·0 |
| Iron and Steel Exports | 23·0 | 31·5 | + 8·5 |
| Cotton Exports | 40·3 | 46·6 | + 6·3 |
| British Manufactured Goods Exports... | 220·8 | 265·9 | + 45·1 |
| Re-exports | 41·8 | 54·2 | + 12·4 |
| Total Exports | 325·0 | 395·6 | + 70·6 |
| Visible Trade Balance | -211·6 | -258·8 | - 47·2 |

Even after allowing for the year's rise in prices, the returns afford evidence of a general expansion in our overseas trade. This is still greatest in the case of imports, and so our adverse trade balance has increased by £47·2 millions. Exports, however, are also rising, and the returns show that the improvement is very general. Exports of coal, iron and steel, machinery, and cotton and woollen goods, and vehicles show the greatest increases in value over last year.

Commodity Prices.—During September the trend of wholesale prices was downwards, the total fall in England during the month amounting to 2·2 per cent. Apparently the reaction from the peak registered last spring is not yet complete. It is possible that when prices were rising fast at the beginning

of the year there was a certain amount of buying ahead by users of raw materials, and that in consequence purchases have since fallen away. The recent weakness on the London and New York stock exchanges has probably caused some liquidation in the produce markets, as some operators are interested in both securities and commodities. Also the doubts of the business outlook felt in the United States may be deterring buying. Japan is also reducing her raw material purchases, particularly those of wool. Another and more important cause is that harvests on the whole have this year been good. The heavy fall in raw cotton prices is directly due to the large size of this year's American crop, while the United States will have a wheat surplus available for export for the first time for several years. French wholesale prices have risen during September, but this is entirely due to the fresh depreciation of the franc.

In England the official cost-of-living index number was unchanged during August at 55 per cent. above its pre-war level. The retail food price index was also unchanged at 40 per cent. above pre-war. Compared with September 1st, 1936, the cost of living has risen by 5.4 per cent. and retail food prices by 6.9 per cent.

Home Reports

The Industrial Situation

Notwithstanding the recent depression of stock markets, both in London and New York, the trade outlook remains good. The seasonal August recession in business was this year less marked than usual, and September showed signs of renewed progress. The number of insured workers in employment rose at the end of August to a new high record, and in spite of a slight drop since then, the figure for the end of September is 11,599,000. The unemployment percentage fell in August to 10·2, which is the lowest figure both for this year and also since September, 1929. There was the usual August contraction in iron and steel production, but it was less marked than usual, and nearly all the reports from the heavy industries united in saying that their activity is unabated. The one exception possibly is ship-building, where the rise in costs is becoming a deterrent to new orders, but many yards are well supplied with work and will continue to receive new Government contracts. The September decline in wholesale prices, particularly in those of raw cotton and wool, has also checked new business to a certain extent, but cotton spinners continue to experience a good demand for yarn and in some cases have been able to increase their margins under the price agreement schemes. The motor vehicle industry remains active, but is noticing the normal lull which occurs immediately before the Show. In the building trades there has been a fresh contraction in the number of plans passed, but as was pointed out last month this is not a comprehensive index of the state of the industry, and so far activity has been well maintained. Railway goods and coal traffic receipts show a welcome improvement since August, demand for chemicals has been normal, and the consumption of electric power continues to increase. The August overseas trade and shipping returns were reasonably satisfactory after allowing for the holiday recession in exports, while the September customs receipts show that imports are expanding after the holidays. The August retail trade returns show an increase of 6·7 per cent. over the previous year, and so internal consumption is being well maintained. In these circumstances the autumn trade outlook can be described as good.

News from abroad is variable in character. The chief grounds for doubt are the war in the Far East, the fresh depreciation of the franc, and the doubts felt in the United States over the autumn business outlook. In all three cases it is necessary to write with reserve, though it is to be hoped that the recent set-back in Wall Street will not develop into a general American business recession. Apart from political and psychological influences it is difficult to see why it should. The downward trend of world wholesale prices is as much due to bigger crops as to any other cause. It need not cause any anxiety, for prices have recovered substantially since the depths of the depression five years ago, and even after their last reaction they are still remunerative to producers. In fact the agricultural countries are likely to gain more from larger crops than they stand to lose from the decline in prices. With the three exceptions mentioned above, world-trade reports are, on the whole, good. One or two minor indications suggest that it is perhaps necessary to keep a closer watch on the future, but there is not the slightest ground for any immediate apprehension.

Agriculture

England and Wales.—According to an official report the corn harvest became general by the middle of August, and proceeded under favourable conditions. The yields of wheat, barley and oats are estimated to be below average. The yield of potatoes is expected to equal the ten years' average. Average crops of roots are likely to be obtained in most districts. The yield of hops will probably be rather below that of last year. The condition and quality of hay are good. Yields of both seed and meadow hay are expected to be above the ten years' average. Cattle and sheep have done well. Milk yields are average for the time of year.

Scotland.—Unsettled weather conditions in the beginning of September delayed harvest operations, but crops are now well secured, and yields are expected to be a little above average. Potatoes generally are promising well, but while turnips and swedes are vigorous and healthy in some districts, they are barely an average crop. Prospects for sugar beet are fairly satisfactory. In the produce markets more of the new grain crop has been on offer with barley quoted at 42s. to 50s. per

cwt. on farm according to quality. All varieties of potatoes have met with a good demand. In the livestock markets the trade in cattle and sheep has been steady, while the autumn lamb sales have attracted many buyers and prices have been good on the whole.

Coal

Hull.—Collieries are well sold to the end of the year for practically all descriptions, and prices are firm. There has been quite a lot of activity lately for 1938, and in particular substantial sales have been made for washed singles and smalls.

Newcastle-upon-Tyne.—Northumberland screened coal has been easy during the month and most collieries require extra trade. This easiness is regarded as purely seasonal. Coking and gas coal remain steady, but the shortage of tonnage for Mediterranean destinations has placed some of the collieries in difficulties, and has brought a certain amount of prompt coal on the market. Demand for bunkers is well maintained, and any prompt supplies of coke have found a ready outlet.

Sheffield.—Demand for all grades of industrial fuels is very heavy, and the fulfilment of contracts leaves little coal on offer. The export coal market has improved, and enquiries for prompt shipment and forward delivery are more numerous. Prices tend to harden. The household fuel market shows its usual seasonal improvement.

Cardiff.—There is little expansion in enquiry and the volume of new business is small. Collieries are, nevertheless, well placed, and recent prices are well maintained. Washed smalls and low volatile sized coals are very scarce. The coke market remains strong.

Newport.—Coal output has kept steadily above the level of last year. There have been some complaints of the difficulty in obtaining prompt supplies for home and export.

Swansea.—The tone of the market has been quite good. Best quality anthracites, although firmly quoted, have been affected by the fluctuation of the French franc. Second qualities moved steadily, and prices were well maintained. Third qualities met with a very brisk enquiry, and commanded full quoted prices. The steam coal market was also busy, and prices were firm.

East of Scotland.—In both Fife and the Lothians the better brands of large coal are well taken up, but some odd lots are available for prompt shipment. Washed fuels are moving away freely, with the exception of trebles, for which there is only a limited demand.

Glasgow.—All sections of the Scottish coal market are firm, and most collieries are busy. Some importers abroad, chiefly in Denmark and Norway, are not taking delivery of their full contract quantities owing to an overstocked position. Tonnage is, however, in good supply at the loading ports, and large quantities of round coal and nuts are being despatched to foreign countries in fulfilment of contracts. Inland demand shows a seasonal expansion and is likely to increase still further. New enquiries from foreign countries are scarce, and collieries are for the most part engaged on contracts entered into some time ago.

Iron and Steel

Birmingham.—There has been little change in the iron and steel market. Producers are well sold out. Deliveries of finished materials are slightly better, and in pig-iron consumers are getting their requirements without much trouble. The future course of prices is uncertain. Manufacturers are already discussing the effect the increase in railway rates will have on costs for any sales made, and there are very few beyond the end of the year. In all cases it is stipulated that prices will be those ruling at the time of delivery.

Sheffield.—Demand remains heavy in all branches of the steel industry. Works continue to produce to capacity, yet orders still accumulate. The raw material situation appears to be a little easier, but the soaring price of tungsten is causing some alarm. The price of high-speed steel has been advanced, and it seems possible that even higher levels will be reached in the near future. Re-rollers complain of the scarcity of billets.

Tees-side.—Production of iron and steel is maintained at record levels, and demand continues to exceed output. Makers are sold out practically up to the end of this year, and in some instances over the first few months of 1938. They are also anxious to limit new commitments, in view of the congested state of their order books, and this attitude restricts

the volume of business. Rather better allocations of pig-iron for export have been made in recent weeks, but increasing home demand threatens to check shipments once more. Supplies of raw materials are adequate. Re-rollers are still hampered by shortage of semi-finished steel. Pressure for structural steel is so extensive that a system of rationing is to be introduced, and manufacturers are endeavouring to arrange better deliveries to the shipyards, whose construction programmes have been interfered with through delays in delivering specifications.

Newport.—Iron and steel imports during August amounted to 20,000 tons, or nearly as much as in July, but 6,000 tons less than in August, 1936. A feature of the import trade is the reappearance after several years of tinplate bars from the Continent for local works. Shipments of iron and steel and general cargo totalled 12,600 tons, or 1,000 tons less than in July, and approximately the same as a year ago.

Swansea.—The tinplate market maintained a firm tone during August, and a satisfactory volume of business has been done. Makers have good order books, and the industry was employed, excluding the holiday week, at approximately 73·96 per cent. of capacity, or about 13 per cent. greater than during August last year.

Glasgow.—The demand for all classes of iron and steel is very pressing and inclined to become more insistent. In spite of additions to plant capacity it is impossible to give deliveries in time to satisfy the requirements of consumers. Production in the steel-making industry is on a record scale, and would be even greater but for the scarcity of pig-iron and scrap, though supplies have improved to some extent. Re-rollers of bars are inadequately supplied with billets, and sheet makers are in need of sheet bars and slabs, as they are eager to obtain sufficient stock to cover their winter needs. Tube makers are also handicapped by a shortage of hoops. Sixteen furnaces are in blast.

Engineering

Birmingham.—Both the heavy and light sections remain very active. Manufacturers of drop forgings, tubes and electrical equipment have full order books. The demand for light castings has slackened. Firms making aircraft and

motor-car components are extremely busy. Constructional work is held up by a shortage of material.

Bristol.—Employment in the constructional and general sections continues to be satisfactory. In the aircraft section firms are working at high pressure. The building trade shows some improvement over a year ago.

Coventry.—All sections are busy, except for a seasonal slackness in the motor trade prior to the annual Show. The machine tool trade is working to full capacity, and orders on hand are sufficient to maintain this position for some months.

Leeds.—Conditions remain very active in all sections.

Leicester.—Manufacturers are exceedingly busy. Skilled labour continues to be scarce.

Manchester.—The machine tool business generally was quieter, but there was more enquiry from abroad, with more hopeful prospects of export business. Orders are reported as coming in from Japan, India, Canada, Singapore and Australia. Raw material prices and wages still show an upward trend.

Sheffield.—Further substantial contracts have been booked, and prosperity is assured for some considerable time ahead. There has been no seasonal slackening in the tool trade this year. All sections are working to capacity, and complaints regarding the difficulty in obtaining raw materials and suitable skilled labour are not infrequent. A rather disturbing element is the future of tungsten, and the consequent effect upon high-speed steel prices. Since February of this year the price of tungsten has risen by as much as 150 per cent., and further increases are anticipated unless there is a speedy end to the Japan-China trouble. Exports showed a further substantial increase during August.

Wolverhampton.—Both heavy and light engineers have plenty of work on hand, and constructional engineers are well situated. Supplies of material are now coming forward more satisfactorily.

Glasgow.—Few new orders of importance have been announced lately in the shipbuilding industry. The steep rise in the costs of new shipbuilding work is probably the main explanation of this recession, which would perhaps be a serious cause for concern were it not for the large amount of Govern-

ment work at present on order. There are at present approximately 500,000 tons gross of mercantile work in hand, in addition to over 40 warships, including two 35,000 ton battleships.

Metal and Hardware Trades

Birmingham.—Apart from some seasonal movements, conditions in the general hardware trade remain steady, and prospects are good for some time ahead. Exports are well maintained. The cold rolled brass and copper section remains fairly busy, but order books are not quite so full as a few months ago.

Wolverhampton.—There has been some slackening in demand in the lock trade, which would indicate that building operations are less extensive. Rising costs may be having some influence in this connection. Other sections of the hardware trades are steady. There is a good demand for hollow-ware and sheet metal goods generally. The tube trade is busy, and stampers and forgers are particularly active. Edge tool makers are maintaining a satisfactory output.

Sheffield.—The cutlery and plate sections of the Sheffield trades have been the last to benefit from the general improvement in trade conditions, but there is now evidence of a substantial all-round improvement. The demand for table knives and flatware remains very good. The scissors section is well employed and increased orders are reported from the pen and pocket knife section. Exports showed a further increase during August.

Chemicals

The market has been seasonally quiet, but normal for the time of year. Interest has been mainly centred on industrial chemicals and wood distillation products. Export trade in chemicals, drugs, dyes and colours has continued to increase, and for the year to August exports are valued at over £2,000,000 greater than for the corresponding period of 1936. Imports during August were £117,476 higher than a year ago, and exports showed an increase of £331,739, salt being the only item for which an appreciable decrease was recorded.

Cotton

Liverpool.—The demand for cotton on the spot market shows an improvement, particularly in American and Brazilian. The forwardings of American cotton to the mills of the world are 140,000 bales less than for the corresponding period of last season, mainly accounted for by reduced consumption in the United States. On the futures market prices declined further, and January delivery was quoted at 5.17d. per lb. on September 18th. The price in America has fallen below the 9 cent. "Loan" level, and with the possibility of the 1938 acreage being restricted to about 30,000,000 acres, the buying of distant deliveries has been encouraged. The weight of the crop movement has, however, still to come and hedge sales will become increasingly important. The bearish tendency was emphasised by the September Bureau report, estimating an American crop of 16,098,000 bales, or 505,000 bales above the August figure. With a carry-over of 6,000,000 bales a total supply of 22,000,000 bales is indicated, while world consumption of American cotton is not likely to exceed 12,500,000 bales. A point of interest is the relative cheapness of American cotton. January futures show a fall of 73 points over last year, whilst Egyptian Uppers and East Indian are cheaper by only 35 and 53 points respectively.

Manchester.—An irregular tone has prevailed in the market for cotton yarns, and prior to the American Bureau Report business was on a much reduced scale, and has been little affected since. World conditions do not encourage speculative buying, and all markets are experiencing the effect of the disturbances in Europe and the Far East. There was greater activity in the cloth section, since checked by the slight weakening in cotton prices, but the range of enquiry has been greater, and the outlook for the future is regarded more hopefully. Home trade buyers have shown greater interest, and there has been an increased demand from the Continent, but the range of prices is still a hindrance to better trade.

Wool

Bradford.—A sharp decline in prices has taken the market by surprise, but fortunately this decline has occurred when stocks are low. Business remains quiet until users are satisfied that the bottom has been reached. Very little business is being

done in the yarn section owing to the unsettled state of the market.

Hawick.—The Border tweed mills continue fairly busy, but seasonal repeat orders are not coming forward too well, and slowness in the delivery of yarns has also accentuated the easier conditions. Quite a number of the mills are consequently on restricted hours. The hosiery branch is active, with prospects good generally. Spinners are fairly busy, but dyers, particularly those engaged on piece dyeing, are quiet. Wool prices remain easy.

Other Textiles

Dundee.—An unexpected fall in raw jute has adversely affected all sections of the jute market. Buyers show little interest except at a level of prices unacceptable to spinners and manufacturers. In addition a further disconcerting increase in the excessive imports of Indian jute goods into the United Kingdom is recorded, which makes the position very difficult.

Dunfermline.—The Fifeshire linen trade is just steady, and orders are mostly of moderate dimensions. Prospects remain good in the heavy end. There is little change in flax and tow, while the position of the fibre, although somewhat irregular, is firm in general.

Clothing, Leather and Boots

Bristol.—There has been a seasonal decline in the clothing trade and a corresponding increase in unemployment. The position is much the same as a year ago. The improvement in the boot and shoe industry has continued, and this satisfactory position is expected to be maintained.

Leeds.—Employment in the clothing trade continues to be very good. Factories are now well engaged on work for the winter season.

Leicester.—Home trade in boots and shoes is still rather quiet. Imports show a decrease compared with previous months. In hosiery, business in both the underwear and outerwear sections is good, and autumn bookings are in excess of those of last year. Imports of stockings and hose during August showed an increase over the previous month, but imports of underwear showed a decrease.

Northampton.—Demand in the shoe trade remains good, and prospects for the autumn seem favourable, especially in the better and medium class lines. Exports have improved. Business in leather and hides remains fairly quiet, but prices keep high. More activity in all sections is expected after the Shoe and Leather Fair.

Shipping

Bristol.—Trade has been steady. Imports of grain and feeding stuffs have been below average, but those of petroleum have increased. Other classes of traffic have been satisfactorily maintained. Stocks in the Authority's warehouses remain average, with the exception of grain stocks, which are still below normal.

Hull.—There is a moderate demand for tonnage, but the supply is poor. Rates for all directions consequently rule very firmly.

Liverpool.—Coal chartering from the United Kingdom ports has been moderately active, and the general tone for tonnage is steady. A stringency in the available tonnage supply is apparent generally, and rates for bulk wheat from Australia have risen to 2s. 6d. premium over the minimum rate for December loadings. South African maize rates were also at new high levels, namely 33s. 6d. from Cape Town and 37s. from Durban to United Kingdom ports. River Plate homewards quotations continue in favour of owners. North Pacific, Indian and other Eastern ports are firm.

Newcastle-upon-Tyne.—Freights for the Mediterranean remain firm, and demand is in excess of the available supply of tonnage. The seasonal easing in the coasting market has been evident, but the Baltic has remained a strong market.

Southampton.—The following table shows the considerable progress which has been made this year :—

| | Jan.-Aug., 1936 | Jan.-Aug., 1937 |
|----------------------------------|--------------------|--------------------|
| Inward shipping (gross tons) ... | 12,623,158 | 13,343,300 |
| Cargo—In and Out (tons) ... | 731,029 | 817,963 |
| Passengers—In and Out ... | 411,847 | 465,617 |

The quantity of shipping at 13,343,300 tons proved a record for such a period. The marked revival in Continental travel this season is reflected in the number of passengers conveyed by the Southern Railway cross-channel steamers stationed at

Southampton. During the busiest months of June, July and August the St. Malo and Havre carryings were respectively 100 and 39 per cent. higher than in the corresponding period of 1936.

Cardiff.—The freight market is rather easier, owing to the lack of new business. Tonnage, however, is none too plentiful.

Newport.—Freights continue firm, and certain markets find it difficult to obtain sufficient vessels to meet their requirements.

Swansea.—Enquiry has been very poor. For the Mediterranean demand was negligible, and only a small enquiry was circulated by the Bay ports. The coasting market was particularly quiet, and smaller tonnage found some difficulty in being accommodated. Schedule rates were nevertheless maintained.

East of Scotland.—There were about thirty vessels on loading turn at the Forth coaling ports at mid-September, mostly at Methil. Leith dock trade during August compared fairly well on the whole with the figures for 1936, the only feature of note being a rise in grain imports. The freight market continues quiet with only a moderate enquiry in all directions.

Glasgow.—Business is quiet in the coal chartering market, and mainly confined to the Baltic section. Tonnage is in moderately good demand in that section for discharge at ports in Denmark and Finland, and rates are very firm as owners are offering sparingly. The Bay is quiet and featureless, and in the Mediterranean and coasting sections rates are nominal as practically no business is quoting.

Foodstuffs

Liverpool, grain.—The fall in the price of wheat, which has been marked in August, has been arrested. The closing quotation for the period under review was 2d. higher at 8s. 7½d. per cental. Preliminary crop estimates in most countries, except Canada and Germany, are generally satisfactory, and the International Institute of Agriculture in Rome expects that 76 million quarters of wheat will be available during the current season to supply the import needs of Europe estimated at 50 million quarters and those of other

countries estimated at 19 million quarters. Despite the scarcity and dearth of freights, shipments have improved. United Kingdom demand for Canadian and Australian wheat is good, while Belgium and Holland are taking fair quantities. Liberal loadings from Russian, Black Sea and Danubian ports are reported. Maize, which has been a fairly active market, closed at 6s. 2½d. per cental. The United States may resume exports for the first year since 1929, and with a possible increased acreage in Argentina, prospective supplies appear adequate.

Liverpool, provisions.—The demand for Continental bacon continues to be good, and prices are dearer on balance compared with the middle of last month. American hams are scarce, and a steady market rules at unchanged prices. After an easing off, the market for lard has recovered, and is at present strong, with a fair trade passing. The demand for canned meats continues to be normal, with prices in most lines unchanged, and elsewhere a slightly advancing tendency. Spot demand for canned fruits continues to be fair, but owing to the higher prices asked for 1937 pack, the forward buying has not been brisk so far. Continental and Empire butters command a firm market, with Continental supplies decreasing. There has been a good demand for cheese, and while this has quietened a little, prospects continue to be good.

Fishing

Brixham.—Landings for August totalled 3,745 cwts., valued at £5,721, compared with 3,856 cwts., valued at £5,463, for the previous month. A good seasonable demand for all classes of fish has kept prices well above average.

Hull.—Supplies have been definitely restricted as a result of the embargo on Bear Island and White Sea fishing. Prices have consequently been well maintained at a good level. Although the embargo has now been lifted, only a few boats have so far brought in catches from the White Sea and Bear Island, and supplies remain comparatively short.

Penzance.—Pilchard fishing has shown a very great improvement. Many boats from Looe and Mevagissey have come West to take part in this fishing, and although at 15s. per thousand the price is somewhat low there seems to be a

revival of this once important industry. The bulk of the pilchard is for export to Italy. Cornish long liners have done fairly well, and an exceptional amount of turbot has been caught, the average price being 4d. per lb. Ray and skate have fallen off somewhat, but prices have been very firm, with ray up to £6 per kit, and skate £5 per score.

Scotland.—The North of Scotland herring fishing season finished very poorly, with quite a number of the boats in debt. The bulk of them have now proceeded to English waters, and not much progress had been made there by the middle of September. Landings of white fish at the various coast ports have been rather irregular, and have met a good demand generally.

Other Industries

Paper-making and Printing.—Bristol reports that employment in all sections is regarded as satisfactory.

Edinburgh reports continued activity in the paper-making trade, although there is a fear that part of the buying at least may be due to artificial conditions rather than to any improvement in the trade generally. Active conditions also prevail in the local printing trade.

Timber.—Hull reports that business has been extremely quiet, and a certain amount of nervousness is felt owing to the poor response to the issue of the balance of the Russian supplies, totalling between 50,000 and 75,000 standards. Shippers had expected to move off these goods at the latest contract prices, but with no additional freight, and this in itself was a reduction. The Russians definitely wish to clear their balances, but there are no eager buyers. There has been no general reduction in price, but the market is not in such a strong position as during recent months. Supply appears to exceed demand. Consumption of timber has declined, and this is attributed not only to the high price to which timber has risen, but also to the cost of other commodities which has hindered house-building.

Newport reports that pitwood imports in August totalled 3,834 fathoms and 3,050 loads, compared with 1,963 fathoms in July, and 2,411 fathoms in August, 1936. Other timber imports amounted to 1,360 standards, against 1,840 standards in July, and 2,360 standards in August last year.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Secondary industries and trade generally continue at the high levels of recent months, but some easing is expected during the election campaigns of the Federal and Victorian Parliaments. On the Stock Exchange industrials weakened slightly, owing to the reaction in foreign affairs, and metal mining shares in sympathy with metal prices. The new wool-selling season opened strongly, but has since been easier, with prices above those of previous September level.

A later cable states that the market is slightly firmer. The Federal budget indicates larger revenues with heavy expenditure on public works and defence, but taxation rates unaltered. The July trade balance was favourable to the extent of £700,000 sterling, owing to heavy exports of wool, wheat and metals. Weather conditions have been favourable. Mild, moist weather has further enhanced cereal production prospects. Heavy rains now would practically assure the cereal harvest and the quality of summer pasturage.

Canada

From the Imperial Bank of Canada

The course of business is upward and is expected to continue so unless interrupted by international developments or a recurrence of labour troubles. The reaction during the first half of the year was due mainly to financial factors, but there has since been a fresh recovery and business activity reached new high records during July. Exports of copper and zinc are increasing, although gold shipments are falling off. Production of newsprint and iron and steel continues to expand, and the automobile industry is relatively active. Construction is improving, but is still disappointing.

In spite of the failure of the wheat crop over large areas of Saskatchewan, agriculture promises to play an important part in sustaining and expanding purchasing power generally. There are food crops commanding high prices in the Maritime and Central provinces and in British Columbia, and even on the prairies Alberta and Manitoba are expecting the best return from agriculture for several years. Also the expansion

of industrial activity in the West means that these Provinces are now less dependent upon the wheat crop. Export trade continues to expand, although surplus stocks of wheat are exhausted. The total for the first half year is the highest since 1930. Tourist traffic is also good. Federal revenues are increasing, and in spite of railway and relief problems, prospects for a balanced national budget are much brighter. Money continues easy, but some expansion in commercial loans is thought to indicate that the cheap money period is drawing to a close.

India

Bombay.—Raw cotton prices have not fallen as much as those of American cotton, and there is no real pressure to sell against the new crop. Crop reports were for a time unfavourable owing to a break in the monsoon, and, while heavy rains have since fallen, they may damage the crop. There is little demand from either the Far East or Europe, and Indian mills are the main buyers.

Trade in piece goods has been hopeful, and Manchester goods have remained surprisingly firm. Business with Japan was at one time difficult, but a later cable states that both English and Japanese cloths are moving better. Sales are expanding. There has been no large-scale demand for Indian goods, but sales have been sufficient to check any serious increase in stocks. Yarns have been weak. It is thought that the difficulty in negotiating new business with Japan gives an opportunity to Manchester.

Calcutta.—Raw jute prices have risen on the final official estimate of the crop at 86,17,700 bales against 96,48,800 bales last year. Little business was reported until prices touched previous levels. Baled jute prices started weak, then rose in sympathy with raw jute, and subsequently declined. Up-country markets have kept fairly steady with large imports, and only small price variations. Later prices moved downwards, and imports are expected to become heavier. Weather conditions have been favourable for harvesting, and over 60 per cent. of the crop has been cut. Hessians have been a dull market. Business in hides has fallen off further, but prices are satisfactory. Arrivals are small and are regularly taken up by

shippers and local tanners. Stocks are not accumulating. English and Continental tanners have taken advantage of low prices for skins to buy fair-sized quantities. Prices have consequently risen above what they are prepared to pay, but they are still interested. Stocks are accumulating owing to increasing arrivals of raw skins from up-country. Offerings of tea during August were mainly "rains production" and so were inferior. Demand was good, but prices are expected to decline later in the year.

Rangoon.—The rice market has been firm, although there is no genuine demand. China and Europe are out of the market, while Indian prices are below Rangoon parity. Sumatra has bought a little, and Cuba may follow. The exportable surplus is expected to be smaller than the Government estimate, and many feel that little can be lost by holding rice. Extraordinarily little new crop business has been done, as speculators have not sold in view of the disturbed state of the world. Those wishing to sell forward find difficulty in obtaining cover.

The European timber market is quiet, although latterly there has been more enquiry coming through. In India the demand for squares, especially from Bombay, has run ahead of supply. Demand is steady for scantlings; full prices are being paid for certain specifications, supplies of which are inadequate. In hardware, bazaar rates for all main articles are unchanged, owing to a lack of district demand where money is very tight. Business continues to be placed with Japan, and prices have become firmer, but are still competitive. Production, however, is understood to be falling, and higher prices may be expected. Home prices are firm and well above current bazaar values.

Irish Free State

Pastures improved during the August warm spell, and the condition of livestock has reflected the improvement. Trade in horses continued at a brisk rate. The potato crops look well and promise a satisfactory yield. Sugar beet was variable, but provided that weather remains favourable the yield should be about average. The number of cattle offered for sale was

about the same as in July. Sheep are in good health and demand is active. The weight of the wool clip ranged from 6 lbs. to 11 lbs. The number of pigs marketed showed no great variation. The Irish Beet Growers' Association have been taking steps to secure from the Irish sugar company a higher price for next year's beet crop.

France

From Lloyds & National Provincial Foreign Bank Limited

The adverse visible trade balance for the first eight months of this year was Frs.11,871 millions, compared with Frs.6,096 millions last year. This increase is due largely to heavier imports of raw materials. The trade returns are summarised below :—

| | First 8 months 1936 Frs. mill. | First 8 months 1937 Frs. mill. | Difference Frs. mill. |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------|
| <i>Imports—</i> | | | |
| Foodstuffs | 4,680 | 6,669 | + 1,989 |
| Raw Materials | 8,533 | 15,773 | + 7,240 |
| Manufactured Articles | 2,361 | 4,198 | + 1,837 |
| Total | 15,574 | 26,640 | + 11,066 |
| <i>Exports—</i> | | | |
| Foodstuffs | 1,435 | 2,041 | + 606 |
| Raw Materials | 2,679 | 5,218 | + 2,539 |
| Manufactured Articles | 5,364 | 7,510 | + 2,146 |
| Total | 9,478 | 14,769 | + 5,291 |

It will be seen that the value in francs of imports has increased by approximately 71 per cent., while that of exports has increased by 55 per cent., compared with the first eight months of last year.

The number of registered unemployed on September 11th was 308,178, compared with 411,667, at the same time last year.

Railway receipts from January 1st to September 2nd are given below. These show an increase of Frs.1,087 millions, or nearly 17 per cent. compared with the same period last

year. It must be remembered, however, that railway charges were increased considerably on July 20th last.

| | | | | Receipts | Difference as compared with last year |
|---------------------|-----|-----|-----|-------------------|---------------------------------------|
| | | | | (Frs.000 omitted) | |
| Alsace and Lorraine | ... | ... | ... | 543,230 | + 127,399 |
| Est | ... | ... | ... | 1,080,757 | + 174,161 |
| Etat | ... | ... | ... | 1,198,751 | + 152,326 |
| Nord | ... | ... | ... | 1,190,600 | + 208,124 |
| Orléans and Midi | ... | ... | ... | 1,420,619 | + 103,067 |
| P.L.M. | ... | ... | ... | 2,129,390 | + 322,420 |
| Total | ... | ... | ... | 7,563,347 | +1,087,497 |

Post Office receipts for August were Frs.50 millions higher than those for the corresponding month last year. For the first eight months of the current year the increase is Frs.203 millions, as compared with the same period last year, and budget estimates have been exceeded by Frs.107 millions. It must be remembered that rates were increased on July 12th last.

The cost of living in Paris continues to rise, as will be seen from the latest figures published by the "Statistiques Générales de la France."

RETAIL PRICES OF THIRTY-FOUR HOUSEHOLD REQUISITES
(1914 = 100)

| | | | | | | |
|-------------|-----|-----|-----|-----|-----|-----|
| 1936 May | ... | ... | ... | ... | ... | 459 |
| 1936 August | ... | ... | ... | ... | ... | 477 |
| 1937 August | ... | ... | ... | ... | ... | 615 |

Compared with a year ago the increase is nearly 29 per cent., and compared with May, 1936—the date immediately prior to the introduction of the new social laws—the increase is 34 per cent.

During the past month stock markets were dull and prices gradually fell in most sections. Rentes fluctuated but little. Internationals were active, following the further depreciation of the franc. There has been a renewed demand for the shares of the leading gold-mining companies.

Le Havre.—Coffee prices have moved upwards, largely as a result of speculative activity. A fairly good demand from the interior, largely for growths other than Brazilian, has resulted in a reduction in stocks from 816,000 to 759,000 bags.

The U.S. Department of Agriculture's forecast of a still greater cotton crop, namely 16,098,000 bales, while not coming

as a surprise, caused a further fall in the market, but this has been counteracted by the weakness of the franc. Now that the holidays are over, demand from the interior has improved and arrivals have not been sufficient to prevent a further slight fall in Havre stocks to 131,000 bales. The quality of the crop is expected to be poor in spite of its impressive quantity, and the better grades may prove difficult to buy.

Lille.—The expected improvement in demand in the cotton market, following the holiday period, has not materialised. The future trend of cotton prices is uncertain, and in spite of currency fears the trade is unwilling to buy for stock. On the other hand the lower value of the franc has improved export prospects, and demand for yarns from Belgium and Germany has reappeared. The future is regarded with concern, and in the absence of any definite improvement it is feared that working hours may have to be reduced.

Business in flax is extremely quiet, but prices remain firm. The high price of the raw material is cause for concern in view of the lower prices for other textiles. Spinners are well stocked, but production is cut down in view of the poor demand for yarns. Among the weavers, demand from the trade is poor and foreign competition keeps prices at unremunerative levels. Contracts expected from the military and other authorities in the near future, may tend to improve the situation.

Roubaix.—The situation shows little change and business is quiet. Local prices for tops fell in sympathy with prices at the opening Australian wool sales, but the franc depreciation has since reversed the trend. Demand for raw wool and tops is poor. Combers are working at under 50 per cent. of capacity, and many anticipate closing for eight to fifteen days through lack of raw material, as the new clip does not arrive till November. Many spinners are not working more than 32 hours a week. Manufacturers of medium and low class piece goods are fairly well occupied, particularly in the men's wear section. There is still difficulty in getting the high prices accepted. The opinion is that there is a possibility of selling in the English market with the exchange rate at Frs.145-150, provided costs do not increase. Stocks of tops at kilos. 7,672,000

show a small decrease on the month, and are kilos. 4,540,000 less than a year ago. Unemployment is increasing.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Antwerp.—Business in Antwerp and industrial activity throughout Belgium have been affected to a certain degree by the hostilities in the Far East and the tension on exchanges. The Government have under consideration at the moment the introduction of a 40-hour week at the Port of Antwerp. This would result in keener competition from neighbouring ports, as well as an increase in freights on the part of foreign shipowners. The Bourse has had a severe shaking. Government Bonds, however, are well supported. The diamond industry continues to work normally, although transactions have slowed down of late. An event of some importance to the diamond trade is a decision to form a union styled the "Union Mondiale pour le Commerce et l'Industrie Diamantaire," the first meeting of which is to be held in Antwerp from September 29th to October 1st.

Brussels.—In iron and steel the comparative quietness which has prevailed during the last few weeks continues, and a certain hesitancy on the part of buyers is observed. There is little change in the coal trade, which remains very satisfactory. Domestic qualities are in regular demand. Stocks are practically non-existent, and in the event of the 40-hour week being applied a serious shortage may be felt during the winter. Exports to France are still important in spite of the difference in prices resulting from the fall of the French franc. There is still some difficulty in obtaining industrial categories, excepting smalls.

Germany

Unemployment fell during August from 563,000 to 509,000, and is now less than 2½ per cent. of all workers. Only 80,000 are really employable, the rest being affected by age, health, etc. The great difficulty now is the serious shortage of skilled workers in several industries. The lack of labour for the harvest is being made good by the work service (Arbeitsdienst). Harvest estimates are now more encouraging and food supplies are considered satisfactory until next summer. Industrial production has been unaffected by

recent events and rumours at home and abroad. On the Stock Exchange, while the shares index has remained steady between 115 and 116 (1924-26 = 100), the volume of business has fallen to a minimum. The Government's remaining shares in the Dresdner Bank are now being sold, and the bank, the biggest joint stock bank in the country, will be once again under private ownership. Export trade continues to expand. In August exports amounted to Rm.541 millions, and the export surplus was Rm.59 millions.

Holland

There has been a further increase in activity, particularly in a number of industries manufacturing capital goods. Invitations for building construction tenders in the first seven months totalled Fl.93.7 millions, compared with Fl.51.1 millions in the same period last year. Allowance must be made for two big Government contracts, totalling Fl.24.2 millions. At the end of June 78 ships were under construction compared with 42 at the end of June, 1936, the total tonnage involved being 188,000 and 148,000 respectively. There has been some recession, however, since last March. The mechanical engineering industry is complaining of lack of raw materials and skilled labour. Production in the textile, footwear and diamond industries has had to be cut down to some extent, but is still well above last year's level. Hesitation in the consumption goods industries is due to the lack of purchasing power. Wages have not risen much, and the cost of living is higher, the index being now 139.1, against 132 in September, 1936 (1913=100). Wholesale prices still tend upwards:—

INDEX-NUMBER OF WHOLESALE PRICES

(1926-30 = 100)

| | | | | Raw Manufactured | | | |
|---------------------------|-----------|-----|-----|------------------|-----------|----------|---------|
| | | | | Foodstuffs | Materials | Products | General |
| 1936 | January | ... | ... | 67.2 | 45.5 | 66.3 | 62.4 |
| | September | ... | ... | 65.8 | 48.4 | 66.1 | 62.6 |
| 1937 | January | ... | ... | 73.3 | 69.3 | 74.2 | 73.0 |
| | April | ... | ... | 73.9 | 74.3 | 79.5 | 77.1 |
| | July | ... | ... | 76.8 | 70.8 | 80.1 | 77.5 |
| | August | ... | ... | 77.5 | 69.9 | 80.3 | 77.6 |
| Increase over Sept., 1936 | | | | 17.8% | 44.4% | 21.5% | 24.0% |

Foreign trade fell off slightly in August, but is still well above last year.

| | | Imports (In millions of guilders) | | Exports | | Percentage of imports covered by exports | |
|----------------|-----|--------------------------------------|---------|---------|-------|--|-----------|
| | | 1936 | 1937 | 1936 | 1937 | 1936 % | 1937 % |
| January | ... | 79.2 | 105.5 | 50.4 | 72.7 | 63.6 | 68.9 |
| February | ... | 74.2 | 105.3 | 50.4 | 79.2 | 68.0 | 75.2 |
| March | ... | 79.3 | 125.2 | 54.9 | 94.4 | 69.3 | 75.4 |
| April | ... | 80.9 | 142.3 | 57.3 | 101.2 | 70.8 | 71.1 |
| May | ... | 75.8 | 128.3 | 52.6 | 90.2 | 69.4 | 70.3 |
| June | ... | 76.9 | 139.8 | 53.0 | 94.8 | 68.9 | 67.7 |
| July | ... | 79.5 | 146.4 | 59.6 | 102.0 | 75.0 | 69.7 |
| August | ... | 81.7 | 122.6 | 63.2 | 98.3 | 77.4 | 80.1 |
| January-August | | 627.5 | 1,015.4 | 441.4 | 732.6 | 70.3 | 72.1 |

Government finances are developing favourably, yields from both indirect and direct taxation showing substantial increases. The Stock Exchange has lately shown some powers of resistance, but political, economic and currency developments in other countries have been too much. After reaching new records in August, quotations fell off in the second half of the month. The gilt-edged market was firm.

Norway

August imports have fallen by Kr.8.3 millions compared with July, but this is mainly due to a decrease of Kr.7 millions in imports of ships. The returns are summarised below:—

| | | August 1936 | July 1937 | August 1937 | Eight Months 1936 | Eight Months 1937 |
|----------------|-----|----------------|--------------|----------------|-------------------------|-------------------------|
| | | Kr. mill. | Kr. mill. | Kr. mill. | Kr. mill. | Kr. mill. |
| Imports | ... | 74.4 | 105.0 | 96.7 | 571.4 | 850.0 |
| Exports | ... | 51.8 | 67.1 | 63.3 | 414.8 | 512.7 |
| Import surplus | ... | 22.6 | 37.9 | 33.4 | 156.6 | 337.3 |

The index number of wholesale prices on September 15th was 161, against 160 a month before (1913=100). The cost-of-living index number at August 15th was unchanged at 168 (July, 1914=100), compared with July. The index

number of industrial production for July fell from 141 to 120 (first half of 1933=100), owing to seasonal influences :—

| | | Home Industries | | Export Industries | | All Industries | |
|------|-----|-----------------|------|-------------------|------|----------------|------|
| | | June | July | June | July | June | July |
| 1934 | ... | 113 | 98 | 109 | 98 | 111 | 98 |
| 1935 | ... | 123 | 96 | 107 | 83 | 117 | 91 |
| 1936 | ... | 126 | 108 | 122 | 107 | 124 | 107 |
| 1937 | ... | 142 | 119 | 139 | 124 | 141 | 120 |

Norway's trade for the first six months of the year with various countries is summarised below :—

| | | Imports from: | | Exports to: | |
|-----------------------|-----|---------------------|-------|---------------------|-------|
| | | First six months of | | First six months of | |
| | | 1936 | 1937 | 1936 | 1937 |
| | | (Kr. millions) | | | |
| Great Britain | ... | 108.8 | 157.6 | 84.1 | 104.6 |
| Germany | ... | 72.7 | 104.1 | 46.3 | 51.1 |
| Sweden | ... | 49.9 | 77.4 | 24.4 | 31.2 |
| U.S.A. | ... | 41.0 | 58.8 | 35.8 | 37.7 |
| Denmark | ... | 23.6 | 40.6 | 11.6 | 10.4 |
| Belgium and Luxemburg | ... | 16.5 | 26.4 | 10.4 | 15.9 |
| France | ... | 18.1 | 25.8 | 18.2 | 27.1 |
| Netherlands... | ... | 14.9 | 21.1 | 8.6 | 14.8 |

It will be seen that Norway's trade with the countries represented at the Oslo Convention has increased considerably.

Sweden

The timber market has been less active than expected, owing largely to new Russian offerings of 53,000 standards on the British market. The raising by Germany of the exchange quota by a further Rm.3 millions is a great relief. The total for the current year is now Rm.16 millions, and is expected to cover not only contracts already drawn up but some new business as well. The rise in prices on the paper pulp market seems to have stopped for the present, but prices for sulphate pulp for prompt delivery or for shipment in the first half of 1938 are still firm. Contracts for 1938 and 1939 delivery have been chiefly for sulphate. Dealings in wet mechanical pulp have been fairly lively, covering 1937, 1938 and 1939 at unchanged prices. Dry mechanical pulp, on the other hand, has been very quiet. Lack of rain has caused difficulties at several pulp mills.

The paper market has shown none of the expected seasonal activity, though business has not fallen away. Mills are well provided with orders and prices are steady. Newsprint

consumption continues to increase in spite of higher prices, though shipments to North China and Shanghai have, of course, declined. Kraft paper is unchanged. Minimum prices are the same, but over-prices are the general rule. There have been heavy sales of sulphite paper, mostly at over-prices.

The iron market is, on the whole, unchanged. Quotations for concrete reinforcement iron and nail wire have been somewhat reduced, in order to adjust a disproportion between these and other rolled iron prices. Iron exports are high, the total figure to the end of August being 139,000 tons, against 115,000 tons last year. In the same period ball-bearing exports had reached a total value of Kr.26·9 millions, against Kr.22·6 millions, and iron ore shipments 8,900,000 tons against 7,200,000 tons last year.

Denmark

Imports in July totalled Kr.125·6 millions, and exports, including re-exports, Kr.135 millions, bringing the import surplus for the year down to Kr.85·9 millions, compared with Kr.9·2 millions last year. The foreign exchange balances of the joint-stock banks improved in July by about Kr.30·6 millions and by about Kr.2 millions in August. The National Bank now has foreign exchange assets of Kr.17·1 millions and liabilities of only Kr.14·6 millions. As the trade deficit is likely to be reduced in the coming months and as freight earnings are increasing, a much needed foreign exchange reserve may be built up. The index of industrial activity fell from 136 to 134 in July. In the first six months exports of industrial goods totalled Kr.190 millions against Kr.147 millions during the same period of 1936. Imports of industrial goods are now 28 per cent. of total exports against only 7 per cent. in 1910. Prices of agricultural products have improved during the past month. Butter has risen from Kr.223 to Kr.245, eggs from Kr.110 to Kr.136, and bacon from Kr.180 to Kr.192, all for 100 kilos. Exports of butter to date exceed in volume those of last year by about 3 per cent., while those of eggs have risen by about 20 per cent. Exports of bacon show no change. The percentage of unemployed at the end of August was 15·0 per cent., against 15·2 per cent. a month earlier and 12·3 per cent a year ago.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

There is further evidence of continued recovery in practically all branches of Swiss industry. Exports for August compared with the corresponding month of last year show an increase of Frs.36 millions, and imports an increase of Frs.46.1 millions. Reports from the metal industry, in particular, are excellent. In this industry an important agreement has been made for arbitration between the employers and workers for the next two years, which should be beneficial to both parties. The Federal Government has so far succeeded in keeping within reasonable limits increases of prices consequent on the devaluation of the Swiss franc. The tourist industry is more flourishing than for some years. For the first seven months of 1937 227,794 foreign motor cars entered Switzerland, compared with 191,169 for the same period of last year.

In spite of the recent fall of the French franc the money market has remained extremely liquid. The average yield of the twelve most important Federal bonds is now 3.37 per cent. against 4.59 per cent. last year. Since the devaluation of a year ago Frs.365,000,000 of loans have been converted. Recent Cantonal loans have been successfully offered to the public at $3\frac{1}{2}$ per cent.

Morocco

From the Bank of British West Africa Limited

As is usual at this time of the year, business in the French Protectorate has been quiet. Export of some of the principal products of the country is still prohibited or controlled, and this, together with increasing prices of imported goods, hampers activity. The green tea market is disturbed, prices having advanced from 10 to 15 per cent. Stocks are considerable. Japanese cottons have fluctuated by as much as 10 per cent., due to nervousness in view of the situation in the Far East. Owing to the failure of the crops in southern districts, considerable quantities of rice are being imported. In the export market produce prices rule firm, with better business in seeds and eggs. Almonds continue to be in demand from England. In the Tangier Zone business is severely hampered through inability to trade freely with the

Spanish Zone. Trade with countries other than France continues to expand at the expense of France. Japan, and Canada have substantially increased their sales to Morocco, but buy practically nothing in return, whereas Great Britain, Italy, Belgium and the United States have increased their purchases.

The United States

Public opinion has been influenced by the September set-back in Wall Street, and the business outlook for the autumn has recently been viewed with a certain amount of doubt. It is, of course, true that heavy losses on securities affect spending, especially in the luxury trades, while they also lead to a certain amount of liquidation of primary commodities. It must be remembered, however, that Wall Street had for some time been in an unstable condition, and was also liable to be affected by rumours and by contending political views.

Apart from Wall Street, there seems little reason to feel seriously pessimistic over the business outlook. Harvests this year have been unusually good, and while one consequence has been the fall in raw cotton prices, on balance farmers' income and spending power should have improved in comparison with several of the previous years. Steel production had fallen by early October to 75.4 per cent. of capacity, but this still indicates reasonable activity. Railway purchases of new equipment have declined since the early part of the year. Detroit takes a hopeful view of the demand for the new automobile models, but production is not being pressed forward too quickly. Building activity is lagging behind, partly because of the rise in costs, but here again some authorities expect a new improvement next year.

On balance, it is difficult to-day to form a view. The most that can be said is that there is a certain amount of nervousness, emanating largely from Wall Street. Still, there seems little reason for expecting more than a temporary check or for fearing that the peak has been passed. There are all kinds of imponderable influences at work, both political and economic, but on the whole the business world does not entirely share in the pessimism of the financial world, and while a pause now seems likely, the next move may quite easily be again upwards.

South America

From the Bank of London & South America Limited

Argentina.—Good rains fell towards the end of September, and should be very beneficial both to the cattle camps and to those areas where wheat survives and maize is being planted. Wheat and maize were firm early in September. The price of cattle is now regulated, being based on United Kingdom prices for chilled beef. The subsidy to Argentine meat exporters to Great Britain has been suspended as the result of the higher prices being paid for Argentine meat. The wool market has been dull. Retail business in August was quite satisfactory. There was a decrease in imports of Japanese cotton goods during August, but an increase is expected in September. Still there is some doubt if, as a result of the war in the Far East, Japanese manufacturers will be able to deliver. More interest is being taken in Lancashire goods. Orders for woollens have been better than usual, but Italian competition in cheap materials has been very severe.

Brazil.—Certain concessions have been made regarding the quota of the value of export bills which must be sold to the Bank of Brazil at the official rate of exchange. The usual quota is 35 per cent., subject to variation in the case of specific commodities. On June 30th, at the end of the crop year, stocks of coffee in Brazil were estimated at 25,925,000 bags, equal to world requirements for Brazilian coffee over a period of two years. The position suggests that if the present official policy is maintained, the destruction of coffee will continue at a high level during the next crop year. It is reported that 500,000 contos of additional paper currency is to be issued, to form a loan to the National Coffee Department, for the purpose of carrying out the decision of the Convention of Brazilian Coffee-Producing States held last May. These decisions include the payment to coffee-planters in respect of 70 per cent. of the 1937-38 crop which the Department is to take over. Special bonds are to be issued, which will be exchanged for advances in currency. As the bonds are placed on the market, a corresponding quantity of currency will be withdrawn from circulation. This news imparted a little fresh life to the coffee market, but business is still below normal owing to the fall in cotton prices and the damage done this season by pests. It was rumoured that the acreage sown for

the 1938 cotton crop would be restricted. Demand for seed, however, is as heavy as usual.

Uruguay.—Weather has been seasonable, and early in September the camps were in excellent condition. Business both in cattle and wool was quiet, but the market for dry hides was moderately active. A new decree provides that 80 per cent. of foreign exchange derived from meat exports must be sold to the State Bank at the official rate of exchange. The State Bank will re-sell at the free controlled rate, and the profit realised will be credited to the Cattle Bounty Fund. On September 8th the official T.T. selling rate for sterling was 38 $\frac{7}{16}$ d. per peso, and the free controlled rate 27 $\frac{11}{16}$ d.

Japan

The uneasiness in Tokyo caused by political developments has latterly been somewhat alleviated. Commodity and security prices have made an appreciable recovery. Exports have suffered from the loss of the trade with China, but imports continue at a high level. Business and retail trade remain subdued. Industries supplying war needs are working at full capacity. The easy money policy continues. The rice crop is distinctly promising and has escaped the usual typhoon damage.

Statistics

BANK OF ENGLAND

Issue Department

| | Note Circulation. | Govt. Debt. | Other Govt. Securities. | Other Securities. | Silver Coin. | Fiduciary Issue. | Gold. |
|-----------------|----------------------|----------------|-------------------------------|----------------------|-----------------|---------------------|-------|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| End March, 1931 | 357·1 | 11·0 | 232·0 | 12·9 | 4·0 | 260·0 | 144·5 |
| " " 1932 | 360·5 | 11·0 | 240·9 | 19·3 | 3·8 | 275·0 | 120·8 |
| " " 1934 | 378·8 | 11·0 | 245·4 | 0·1 | 3·5 | 260·0 | 191·1 |
| " " 1935 | 381·4 | 11·0 | 246·7 | 0·2 | 2·1 | 260·0 | 192·5 |
| " " 1936 | 406·5 | 11·0 | 246·5 | 1·5 | 1·0 | 260·0 | 200·6 |
| " " 1937 | 473·8 | 11·0 | 187·0 | 2·0 | — | 200·0 | 313·7 |
| Sept. 22, 1937 | 486·0 | 11·0 | 188·7 | 0·3 | — | 200·0 | 326·4 |
| Sept. 29, 1937 | 488·5 | 11·0 | 188·7 | 0·3 | — | 200·0 | 326·4 |

Banking Department

| | Public Deposits. | Bankers' Deposits. | Other Deposits. | Govt. Securities. | Discounts and Advances. | Other Securities. | Reserve. | Proportion. |
|-----------------|---------------------|-----------------------|--------------------|----------------------|-------------------------------|----------------------|----------|-------------|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | % |
| End March, 1931 | 17·2 | 58·8 | 34·7 | 30·3 | 24·6 | 25·7 | 48·3 | 43·6 |
| " " 1932 | 27·2 | 54·6 | 34·4 | 35·7 | 11·7 | 51·1 | 35·9 | 30·9 |
| " " 1934 | 17·5 | 94·5 | 36·9 | 77·1 | 5·6 | 11·0 | 73·4 | 49·2 |
| " " 1935 | 20·1 | 96·6 | 41·2 | 87·6 | 5·6 | 11·4 | 71·7 | 45·3 |
| " " 1936 | 18·0 | 83·6 | 37·0 | 80·3 | 5·0 | 16·7 | 54·9 | 39·6 |
| " " 1937 | 52·2 | 62·3 | 38·5 | 100·5 | 7·1 | 22·9 | 40·8 | 27·7 |
| Sept. 22, 1937 | 15·7 | 105·6 | 36·2 | 106·9 | 5·2 | 21·6 | 42·1 | 26·7 |
| Sept. 29, 1937 | 21·8 | 95·1 | 37·2 | 105·8 | 6·2 | 20·8 | 39·6 | 25·7 |

LONDON CLEARING BANKS (monthly averages)

| | Deposits. | Acceptances, Guarantees, etc. | Cash. | Balances and Cheques. | Call and Short Money. | Bills. | Investments. | Advances. |
|---------------|-----------|----------------------------------|-------|-----------------------------|--------------------------------|--------|--------------|-----------|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| March, 1931 | 1,763·9 | 121·5 | 184·0 | 43·5 | 114·1 | 240·4 | 311·1 | 936·1 |
| " 1932 | 1,676·4 | 98·7 | 174·0 | 43·4 | 112·5 | 216·8 | 281·9 | 902·1 |
| " 1934 | 1,830·6 | 112·8 | 218·9 | 43·5 | 120·4 | 202·1 | 547·1 | 753·0 |
| " 1935 | 1,923·3 | 117·7 | 214·0 | 43·6 | 133·4 | 207·0 | 614·4 | 766·8 |
| " 1936* | 2,108·3 | 105·2 | 216·7 | 53·8 | 162·4 | 252·0 | 635·1 | 849·2 |
| " 1937* | 2,244·2 | 122·5 | 225·8 | 62·7 | 169·8 | 247·8 | 667·4 | 934·4 |
| July, 1937* | 2,293·3 | 122·4 | 235·2 | 59·8 | 162·8 | 282·2 | 646·6 | 971·1 |
| August, 1937* | 2,283·3 | 116·1 | 234·2 | 59·9 | 161·6 | 277·2 | 645·7 | 968·5 |

* Includes the District Bank.

LONDON BANKERS' CLEARING HOUSE RETURNS

| | Town Clearing | Metropolitan Clearing | Country Clearing | Total |
|------------------------------|------------------|--------------------------|---------------------|--------|
| | £ mn. | £ mn. | £ mn. | £ mn. |
| 1930 | 38,782 | 1,812 | 2,964 | 43,558 |
| 1931 | 31,816 | 1,668 | 2,752 | 36,236 |
| 1932 | 27,834 | 1,610 | 2,668 | 32,112 |
| 1933 | 27,715 | 1,657 | 2,766 | 32,138 |
| 1934 | 30,740 | 1,760 | 2,984 | 35,484 |
| 1935 | 32,444 | 1,887 | 3,229 | 37,560 |
| 1936 | 35,039 | 2,040 | 3,538 | 40,617 |
| 1936 to Sept. 30 | 24,764 | 1,481 | 2,567 | 28,812 |
| 1937 to Sept. 29 | 27,676 | 1,612 | 2,824 | 32,112 |
| 1936, Sept. (4 weeks) | 2,637 | 136 | 255 | 3,028 |
| 1937, Sept. (4 weeks) | 2,436 | 145 | 277 | 2,858 |

BANKERS' PROVINCIAL CLEARING RETURNS

| | Mar., 1929 | Mar., 1932 | Mar., 1933 | Mar., 1934 | Mar., 1935 | Mar., 1936 | Mar., 1937 | July, 1937 | Aug., 1937 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| Birmingham... | 11.9 | 9.0 | 9.7 | 11.3 | 9.6 | 10.7 | 11.3 | 13.3 | 9.1 |
| Bradford ... | 5.9 | 3.4 | 3.3 | 4.2 | 3.8 | 4.7 | 4.6 | 4.6 | 4.1 |
| Bristol ... | 5.3 | 4.9 | 5.0 | 5.4 | 4.9 | 5.5 | 5.5 | 5.8 | 5.0 |
| Hull... .. | 4.0 | 3.0 | 3.2 | 3.2 | 3.2 | 3.4 | 4.0 | 4.1 | 3.6 |
| Leeds ... | 4.4 | 3.8 | 3.8 | 4.4 | 4.3 | 3.9 | 4.8 | 4.8 | 3.3 |
| Leicester ... | 3.6 | 3.1 | 3.1 | 3.3 | 2.8 | 3.1 | 3.3 | 3.6 | 2.7 |
| Liverpool ... | 34.2 | 25.6 | 25.6 | 26.8 | 25.8 | 27.5 | 35.8 | 31.3 | 26.2 |
| Manchester... | 58.0 | 42.5 | 42.1 | 46.1 | 42.8 | 44.9 | 50.7 | 49.2 | 44.0 |
| Newcastle-on-Tyne ... | 6.5 | 5.7 | 6.5 | 6.9 | 5.5 | 5.7 | 6.3 | 6.9 | 6.5 |
| Nottingham | 2.8 | 1.9 | 1.9 | 2.0 | 2.0 | 2.1 | 2.3 | 2.5 | 1.9 |
| Sheffield ... | 4.6 | 3.3 | 3.5 | 3.6 | 3.4 | 4.3 | 6.0 | 5.2 | 4.5 |
| | 141.2 | 106.2 | 107.7 | 117.2 | 108.1 | 115.8 | 134.6 | 131.3 | 110.9 |

LONDON AND NEW YORK MONEY RATES

| | LONDON | | | | | NEW YORK | | |
|------------------|-----------------|-----------------|-----------------|----------------------|-------------------|-------------------------|-----------------|-----------------|
| | Bank Rate | Treasury Bills | | 3 Months' Bank Bills | Short Loans | F.R.B. Re-discount Rate | Call. Money | Acceptances |
| | | Tender Rate | Market Rate | | | | | |
| End March, 1931 | 3 | 2 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 2-2 $\frac{1}{2}$ | 2 | 1 $\frac{1}{2}$ | 1 $\frac{1}{2}$ |
| " " 1932 | 3 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 1 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 2-3 | 3 | 2 $\frac{1}{2}$ | 2 $\frac{1}{2}$ |
| " " 1934 | 2 | 2 $\frac{1}{2}$ | 1 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 3-1 | 1 $\frac{1}{2}$ | 1 | 1 $\frac{1}{2}$ |
| " " 1935 | 2 | 2 $\frac{1}{2}$ | 1 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 3-1 | 1 $\frac{1}{2}$ | 1 | 1 $\frac{1}{2}$ |
| " " 1936 | 2 | 2 $\frac{1}{2}$ | 1 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 3-1 | 1 $\frac{1}{2}$ | 1 | 1 $\frac{1}{2}$ |
| " " 1937 | 2 | 2 $\frac{1}{2}$ | 1 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 3-1 | 1 $\frac{1}{2}$ | 1 | 1 $\frac{1}{2}$ |
| Aug. 25th, 1937 | 2 | 2 $\frac{1}{2}$ | 1 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 3-1 | 1 $\frac{1}{2}$ | 1 | 1 $\frac{1}{2}$ |
| Sept. 29th, 1937 | 2 | 2 $\frac{1}{2}$ | 1 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 3-1 | 1 | 1 | 1 $\frac{1}{2}$ |

FOREIGN EXCHANGES

| London on | 1935 | 1936 | 1937 | | | | |
|----------------------|------------------------|-------------------------|----------------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| | Oct. 2 | Sept. 30 | Sept. 1 | Sept. 8 | Sept. 15 | Sept. 22 | Sept. 29 |
| New York— | | | | | | | |
| (a) Spot ... | 4.90 $\frac{1}{2}$ | 4.94 $\frac{1}{2}$ | 4.96 $\frac{1}{2}$ | 4.95 $\frac{1}{2}$ | 4.94 $\frac{1}{2}$ | 4.95 $\frac{1}{2}$ | 4.94 $\frac{1}{2}$ |
| (b) 3 months | 1 $\frac{1}{2}$ c. pm. | 1 $\frac{1}{2}$ c. dis. | 1 $\frac{1}{2}$ c. pm. | 1 $\frac{1}{2}$ c. pm. | 1 $\frac{1}{2}$ c. pm. | 1 $\frac{1}{2}$ c. pm. | 1 $\frac{1}{2}$ c. pm. |
| Montreal ... | 4.96 $\frac{1}{2}$ | 4.94 $\frac{1}{2}$ | 4.96 $\frac{1}{2}$ | 4.95 $\frac{1}{2}$ | 4.94 $\frac{1}{2}$ | 4.95 $\frac{1}{2}$ | 4.94 $\frac{1}{2}$ |
| Paris— | | | | | | | |
| (a) Spot ... | 74 $\frac{1}{2}$ | n. q. | 132 $\frac{1}{2}$ | 132 $\frac{1}{2}$ | 146 $\frac{1}{2}$ | 144 $\frac{1}{2}$ | 144 $\frac{1}{2}$ |
| (b) 3 months | Fr. $\frac{1}{2}$ dis. | n. q. | Fr. 2 $\frac{1}{2}$ dis. | Fr. 4 $\frac{1}{2}$ dis. | Fr. 7 $\frac{1}{2}$ dis. | Fr. 7 dis. | Fr. 10 $\frac{1}{2}$ dis. |
| Berlin— | | | | | | | |
| (a) Official ... | 12.19 | 12.57 $\frac{1}{2}$ | 12.36 $\frac{1}{2}$ | 12.34 $\frac{1}{2}$ | 12.33 $\frac{1}{2}$ | 12.34 $\frac{1}{2}$ | 12.32 $\frac{1}{2}$ |
| (b) Registered Marks | 50 $\frac{1}{2}$ dis. | 49 $\frac{1}{2}$ dis. | 43 $\frac{1}{2}$ dis. | 42 $\frac{1}{2}$ dis. | 44 $\frac{1}{2}$ dis. | 45 $\frac{1}{2}$ dis. | 45 $\frac{1}{2}$ dis. |
| Amsterdam ... | 7.25 | 8.98 | 9.00 $\frac{1}{2}$ | 8.98 $\frac{1}{2}$ | 8.99 $\frac{1}{2}$ | 8.97 $\frac{1}{2}$ | 8.95 $\frac{1}{2}$ |
| Brussels ... | 20.02 $\frac{1}{2}$ | 29.30 | 29.49 $\frac{1}{2}$ | 29.37 | 29.39 $\frac{1}{2}$ | 29.43 $\frac{1}{2}$ | 29.38 |
| Milan ... | 60 $\frac{1}{2}$ | n. q. | 94 $\frac{1}{2}$ | 94 $\frac{1}{2}$ | 94 | 94 $\frac{1}{2}$ | 94 |
| Zurich ... | 15.06 | 21.51 $\frac{1}{2}$ | 21.62 $\frac{1}{2}$ | 21.56 $\frac{1}{2}$ | 21.54 $\frac{1}{2}$ | 21.56 $\frac{1}{2}$ | 21.54 |
| Stockholm ... | 19.39 $\frac{1}{2}$ | 19.39 $\frac{1}{2}$ | 19.39 $\frac{1}{2}$ | 19.39 $\frac{1}{2}$ | 19.39 $\frac{1}{2}$ | 19.39 $\frac{1}{2}$ | 19.39 $\frac{1}{2}$ |
| Madrid ... | 35 $\frac{1}{2}$ | n. q. | 85* | 85* | 85* | 85* | 80* |
| Vienna ... | 26 | 26 $\frac{1}{2}$ | 26 $\frac{1}{2}$ | 26 $\frac{1}{2}$ | 26 $\frac{1}{2}$ | 26 $\frac{1}{2}$ | 26 $\frac{1}{2}$ |
| Prague ... | 118 $\frac{1}{2}$ | 122 | 142 $\frac{1}{2}$ | 141 $\frac{1}{2}$ | 141 $\frac{1}{2}$ | 141 $\frac{1}{2}$ | 141 $\frac{1}{2}$ |
| Buenos Aires— | | | | | | | |
| (a) Export ... | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| (b) Import ... | 17.02 | 17.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 |
| (c) Free ... | 17.83 | 17.62 | 16.48 | 16.52 | 16.52 | 16.54 | 16.57 |
| Rio de Janeiro— | | | | | | | |
| (a) Official ... | 57 $\frac{1}{2}$ 320 | 58 $\frac{1}{2}$ 200 | 56 $\frac{1}{2}$ 470 | 56 $\frac{1}{2}$ 470 | 56 $\frac{1}{2}$ 470 | 56 $\frac{1}{2}$ 470 | 56 $\frac{1}{2}$ 50 |
| (b) Free ... | 84 $\frac{1}{2}$ 400 | 85 $\frac{1}{2}$ 000 | 75 $\frac{1}{2}$ 900 | 75 $\frac{1}{2}$ 700 | 75 $\frac{1}{2}$ 700 | 75 $\frac{1}{2}$ 500 | 78 $\frac{1}{2}$ 00 |
| Valparaiso ... | 118* | 131 $\frac{1}{2}$ * | 124 $\frac{1}{2}$ * ^a | 123 $\frac{1}{2}$ * | 123 $\frac{1}{2}$ * | 123 $\frac{1}{2}$ * | 123 $\frac{1}{2}$ * |
| Bombay ... | 18 $\frac{1}{2}$ d. | 18 $\frac{1}{2}$ d. | 18 $\frac{1}{2}$ d. | 18 $\frac{1}{2}$ d. | 18 $\frac{1}{2}$ d. | 18 $\frac{1}{2}$ d. | 18 $\frac{1}{2}$ d. |
| Hong Kong ... | 24 $\frac{1}{2}$ d. | 14 $\frac{1}{2}$ d. | 15d. | 15d. | 15d. | 15d. | 15d. |
| Kobe ... | 1/2 $\frac{1}{2}$ | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 |
| Shanghai ... | 18 $\frac{1}{2}$ d. | 14 $\frac{1}{2}$ d. | 14 $\frac{1}{2}$ d. | 14 $\frac{1}{2}$ d. | 14 $\frac{1}{2}$ d. | 14 $\frac{1}{2}$ d. | 14 $\frac{1}{2}$ d. |
| Gold price ... | 141s. 10d. | 140s. 2d. | 140s. 0 $\frac{1}{2}$ d. | 140s. 5 $\frac{1}{2}$ d. | 140s. 6d. | 140s. 3 $\frac{1}{2}$ d. | 140s. 7d. |
| Silver price ... | 29 $\frac{1}{2}$ d. | 19 $\frac{1}{2}$ d. | 19 $\frac{1}{2}$ d. | 19 $\frac{1}{2}$ d. | 19 $\frac{1}{2}$ d. | 19 $\frac{1}{2}$ d. | 19 $\frac{1}{2}$ d. |

* Nominal. n.q. = No quotation.

* M
now added

PUBLIC REVENUE AND EXPENDITURE

| | 1933-4 | 1934-5 | 1935-6 | 1936-7 | 1936-7 to Sept. 26 | 1937-8 to Sept. 25 |
|--|--------------|--------------|--------------|--------------|--------------------------|--------------------------|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| REVENUE— | | | | | | |
| Income Tax | 228.9 | 228.9 | 238.1 | 257.2 | 45.7 | 52.3 |
| Sur-Tax | 52.6 | 51.2 | 51.0 | 53.6 | 5.9 | 6.6 |
| Estate Duties | 85.3 | 81.3 | 87.9 | 88.0 | 41.7 | 45.8 |
| Stamps | 22.7 | 24.1 | 25.8 | 29.1 | 10.2 | 9.7 |
| Customs | 179.2 | 185.1 | 196.6 | 211.3 | 102.4 | 108.5 |
| Excise | 107.0 | 104.6 | 106.7 | 109.5 | 51.5 | 54.5 |
| Motor Vehicle Duties (Exchequer Share) | 5.2 | 5.1 | 5.0 | 5.3 | 8.4* | 8.6 |
| Other Tax Revenue | 2.6 | 3.1 | 2.1 | 1.7 | 0.1 | 0.1 |
| Total Tax Revenue | 683.5 | 683.4 | 713.2 | 755.7 | 265.9 | 286.1 |
| Post Office (Net Receipt) ... | 13.1 | 12.2 | 11.7 | 11.0 | 5.6 | 6.3 |
| Post Office Fund | — | — | — | 0.1 | — | — |
| Crown Lands | 1.2 | 1.3 | 1.4 | 1.4 | 0.6 | 0.7 |
| Receipts from Sundry Loans | 4.7 | 4.4 | 4.9 | 4.5 | 2.9 | 3.4 |
| Miscellaneous Receipts ... | 22.1 | 15.1 | 21.7 | 24.6 | 9.9 | 3.8 |
| Total Non-Tax Revenue ... | 41.1 | 33.0 | 39.7 | 41.6 | 19.0 | 14.2 |
| Total Ordinary Revenue ... | 724.6 | 716.4 | 752.9 | 797.3 | 284.9 | 300.3 |
| Post Office | 59.3 | 61.8 | 66.1 | 71.9 | 32.5 | 33.9 |
| Road Fund | 25.5 | 26.4 | 25.8 | 27.4 | — | — |
| Total Self-balancing Revenue... | 84.8 | 88.2 | 91.9 | 99.3 | 32.5 | 33.9 |
| EXPENDITURE— | | | | | | |
| National Debt Interest ... | 212.9 | 211.6 | 211.5 | 210.9 | 103.8 | 106.6 |
| Payments to N. Ireland ... | 6.6 | 6.8 | 7.2 | 8.0 | 3.0 | 3.4 |
| Other Cons. Fund Services... | 4.1 | 3.6 | 5.7 | 3.2 | 1.1 | 1.6 |
| Post Office Fund | — | 2.3 | 1.1 | 0.4 | — | — |
| Supply Services | 458.8 | 472.2 | 512.0 | 567.2 | 256.2* | 281.3 |
| Total Ordinary Expenditure ... | 682.4 | 696.5 | 737.5 | 789.7 | 364.1 | 392.9 |
| Sinking Fund | 7.7 | 12.3 | 12.5 | 13.1 | — | — |
| Payments to U.S. Govt. ... | 3.3 | — | — | — | — | — |
| Self-balancing Expenditure (as per contra) | 84.8 | 88.2 | 91.9 | 99.3 | 32.5 | 33.9 |

* Motor Vehicle Duties apportioned to Road Fund, treated as self-balancing in 1936-37, now added to Revenue and Expenditure figures for purposes of comparison.

PRODUCTION

| | | | | Coal | Pig-Iron | Steel |
|-----------------------|-----|-----|-----|------------|-------------|-------------|
| | | | | Tons mill. | Tons thous. | Tons thous. |
| Total 1913 | ... | ... | ... | 287.4 | 10,260 | 7,664 |
| " 1925 | ... | ... | ... | 243.2 | 6,262 | 7,385 |
| " 1929 | ... | ... | ... | 257.9 | 7,589 | 9,636 |
| " 1930 | ... | ... | ... | 243.9 | 6,192 | 7,326 |
| " 1931 | ... | ... | ... | 219.5 | 3,773 | 5,203 |
| " 1932 | ... | ... | ... | 208.7 | 3,574 | 5,261 |
| " 1933 | ... | ... | ... | 207.1 | 4,136 | 7,024 |
| " 1934 | ... | ... | ... | 221.0 | 5,969 | 8,850 |
| " 1935 | ... | ... | ... | 222.9 | 6,426 | 9,842 |
| " 1936 | ... | ... | ... | 228.5 | 7,686 | 11,705 |
| Total to August, 1936 | ... | ... | ... | 149.9 | 5,050 | 7,597 |
| Total to August, 1937 | ... | ... | ... | 158.0 | 5,453 | 8,385 |

BOARD OF TRADE PRODUCTION INDEX NUMBER
(1930 = 100)

| | Complete Year | | 1936 | | | 1937 | |
|---------------------------------|---------------|-------|---------|---------|---------|---------|---------|
| | 1935. | 1936. | 2nd Qr. | 3rd Qr. | 4th Qr. | 1st Qr. | 2nd Qr. |
| Mines and Quarries ... | 91.7 | 94.4 | 88.4 | 89.7 | 99.1 | 99.6 | 100.7 |
| Iron and Steel ... | 125.6 | 150.1 | 149.5 | 149.1 | 155.6 | 158.1 | 165.6 |
| Non-Ferrous Metals ... | 137.3 | 143.8 | 140.9 | 145.3 | 154.0 | 154.4 | 166.7 |
| Engineering and Shipbuilding | 104.8 | 123.1 | 122.4 | 121.6 | 132.3 | 136.3 | 137.4 |
| Building Materials and Building | 147.0 | 157.1 | 157.8 | 164.7 | 157.3 | 148.5 | 156.9 |
| Textiles ... | 119.1 | 126.4 | 124.9 | 123.3 | 130.3 | 130.3 | 135.2 |
| Chemicals, Oils, etc. ... | 112.0 | 115.4 | 112.9 | 111.2 | 120.6 | 121.8 | 123.4 |
| Leather and Boots and Shoes | 116.0 | 120.7 | 121.0 | 116.4 | 119.6 | 120.6 | 121.4 |
| Food, Drink and Tobacco ... | 107.6 | 114.5 | 114.5 | 115.2 | 121.2 | 111.2 | 122.1 |
| Total* ... | 113.6 | 124.7 | 123.5 | 122.5 | 132.2 | 131.7 | 134.7 |

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

(a)

I

End of

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Mar

Apr

May

June

July

Aug

Sept

Oct

Nov

Dec

(b) A

Number

Wholly

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Total u

Great W

London

Eastern

London

Scottis

Southern

Total ...

* The L

UNEMPLOYMENT

(a) Percentage of Insured Workers

| Date | 1929 | 1930 | 1931 | 1932 | 1934 | 1935 | 1936 | 1937 |
|-----------|------|------|------|------|------|------|------|------|
| End of— | | | | | | | | |
| January | 12.3 | 12.4 | 21.5 | 22.4 | 18.6 | 17.6 | 16.2 | 12.6 |
| February | 12.1 | 12.9 | 21.7 | 22.0 | 18.1 | 17.5 | 15.3 | 12.2 |
| March | 10.0 | 13.7 | 21.5 | 20.8 | 17.2 | 16.4 | 14.2 | 11.8 |
| April | 9.8 | 14.2 | 20.9 | 21.4 | 16.6 | 15.6 | 13.6 | 10.8 |
| May | 9.7 | 15.0 | 20.8 | 22.1 | 16.2 | 15.5 | 12.8 | 10.9 |
| June | 9.6 | 15.4 | 21.2 | 22.2 | 16.4 | 15.4 | 12.8 | 10.3 |
| July | 9.7 | 16.7 | 22.0 | 22.8 | 16.7 | 15.3 | 12.4 | 10.4 |
| August | 9.9 | 17.1 | 22.0 | 23.0 | 16.5 | 14.9 | 12.1 | 10.2 |
| September | 10.0 | 17.6 | 22.6 | 22.8 | 16.1 | 15.0 | 12.1 | |
| October | 10.3 | 18.7 | 21.9 | 21.9 | 16.3 | 14.5 | 12.1 | |
| November | 10.9 | 19.1 | 21.4 | 22.2 | 16.3 | 14.5 | 12.2 | |
| December | 11.0 | 20.2 | 20.9 | 21.7 | 16.0 | 14.1 | 12.2 | |

(b) Actual Numbers Employed and Unemployed (in thousands)

| | Mar., 1932 | Mar., 1934 | Mar., 1935 | Mar., 1936 | Aug., 1936 | Mar., 1937 | July, 1937 | Aug. 1937 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Number employed ... | 9,549 | 10,058 | 10,200 | 10,630 | 10,961 | 11,242 | 11,517 | 11,562 |
| Wholly unemployed | 2,129 | 1,814 | 1,727 | 1,551 | 1,228 | 1,330 | 1,070 | 1,081 |
| Temporarily stopped | 427 | 317 | 324 | 240 | 250 | 170 | 249 | 209 |
| Normally in casual employment | 104 | 94 | 92 | 88 | 74 | 76 | 66 | 67 |
| Total unemployed ... | 2,660 | 2,225 | 2,143 | 1,879 | 1,612 | 1,576 | 1,385 | 1,357 |

RAILWAY TRAFFIC RECEIPTS

| | Four weeks ended | | | | Aggregate for 38 weeks | | | |
|----------------------------------|------------------|-------|-----------------|-------|------------------------|-------|-----------------|-------|
| | Sept. 27, 1936 | | Sept. 26, 1937 | | 1936 | | 1937 | |
| | Pas- sengers | Goods | Pas- sengers | Goods | Pas- sengers | Goods | Pas- sengers | Goods |
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| Great Western ... | 0.9 | 1.2 | 0.9 | 1.3 | 8.4 | 11.0 | 8.6 | 11.7 |
| London & North Eastern* ... | 1.5 | 2.2 | 1.5 | 2.3 | 12.7 | 21.0 | 13.3 | 22.0 |
| London Midland & Scottish ... | 2.2 | 2.9 | 2.3 | 3.0 | 19.6 | 27.0 | 20.3 | 28.1 |
| Southern ... | 1.4 | 0.4 | 1.4 | 0.4 | 12.1 | 3.5 | 12.8 | 3.5 |
| Total ... | 6.0 | 6.7 | 6.1 | 7.0 | 52.8 | 62.5 | 55.0 | 65.3 |

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

| | August, 1934 | August, 1935 | August, 1936 | July, 1937 | August, 1937 |
|---------------------------------|-----------------|-----------------|-----------------|---------------|-----------------|
| By CATEGORIES: Great Britain | % | % | % | % | % |
| Total | + 4.8 | + 4.7 | + 7.4 | + 8.1 | + 6.7 |
| Food and Perishables | + 4.6 | + 7.1 | + 8.8 | + 10.2 | + 8.3 |
| Other Merchandise of which | | | | | |
| Piece-goods* | - 3.2 | - 4.7 | - 1.6 | + 2.5 | + 6.2 |
| (i) Household Goods | + 5.1 | - 7.0 | + 3.5 | + 4.0 | + 4.2 |
| (ii) Dress Materials | - 9.1 | - 2.9 | - 6.3 | + 1.5 | + 7.8 |
| Women's Wear* | + 6.0 | - 0.7 | + 9.1 | + 6.2 | + 7.3 |
| (i) Fashion Departments | + 9.4 | + 1.7 | + 12.9 | + 9.0 | + 1.8 |
| (ii) Girls' and Children's Wear | + 12.2 | - 4.0 | + 15.5 | + 8.1 | + 7.8 |
| (iii) Fancy Drapery | + 2.7 | - 1.0 | + 4.1 | + 3.7 | + 10.5 |
| Men's and Boys' Wear | + 2.8 | + 5.7 | - 5.0 | + 8.4 | + 6.3 |
| Boots and Shoes | + 5.7 | + 4.8 | + 10.3 | + 9.3 | + 5.4 |
| Furnishing Departments | + 12.2 | + 1.2 | + 7.4 | + 3.8 | + 3.0 |
| Hardware | + 3.5 | + 2.1 | + 1.3 | + 1.6 | + 2.1 |
| Fancy Goods | + 2.4 | + 7.6 | + 2.7 | + 7.4 | + 2.9 |
| Sports and Travel | + 4.4 | - 3.0 | - 3.9 | + 0.7 | - 3.6 |
| Miscellaneous and Unallocated | + 5.0 | - 3.4 | + 18.1 | + 5.8 | + 1.2 |
| By AREAS— | | | | | |
| All Categories— | | | | | |
| Scotland | + 4.9 | + 3.2 | + 3.9 | + 7.4 | + 4.9 |
| North-East | — | — | — | + 10.5 | + 8.3 |
| North-West | — | — | — | + 8.0 | + 6.8 |
| Midlands & South Wales | — | — | — | + 11.9 | + 9.1 |
| South of England | + 4.3 | + 6.9 | + 7.9 | + 9.7 | + 7.4 |
| London, Central & West End | + 5.4 | - 2.5 | + 4.8 | + 0.8 | + 2.1 |
| London, Suburban | + 6.3 | + 5.8 | + 10.4 | + 8.3 | + 5.3 |

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

| Date | IMPORTS | | | | EXPORTS | | | |
|------------------|---------|---------------|----------------------------|-------|---------|---------------|----------------------------|-------|
| | Food | Raw Materials | Manu- factured Goods | Total | Food | Raw Materials | Manu- factured Goods | Total |
| Monthly Average— | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| 1929 ... | 44.6 | 28.3 | 27.9 | 101.7 | 4.6 | 6.6 | 47.8 | 60.8 |
| 1930 ... | 39.6 | 20.9 | 25.6 | 87.0 | 5.3 | 5.3 | 36.7 | 47.6 |
| 1931 ... | 34.7 | 14.4 | 21.8 | 71.8 | 3.0 | 3.9 | 24.3 | 32.6 |
| 1932 ... | 31.1 | 13.7 | 13.1 | 58.5 | 2.7 | 3.6 | 23.0 | 30.4 |
| 1933 ... | 28.3 | 15.0 | 12.6 | 56.3 | 2.4 | 3.8 | 23.4 | 30.6 |
| 1934 ... | 28.9 | 17.5 | 14.3 | 61.0 | 2.5 | 4.0 | 25.4 | 33.0 |
| 1935 ... | 29.6 | 17.7 | 15.4 | 63.0 | 2.6 | 4.4 | 27.4 | 35.5 |
| 1936 ... | 31.9 | 20.7 | 17.7 | 70.7 | 3.0 | 4.3 | 28.4 | 36.7 |
| August, 1936 ... | 29.0 | 18.8 | 17.8 | 66.1 | 2.8 | 4.0 | 27.5 | 35.3 |
| August, 1937 ... | 34.8 | 26.7 | 24.7 | 86.7 | 3.0 | 5.3 | 33.4 | 42.5 |

SOME LEADING IMPORTS

| Date | Wheat | Iron Ore and Scrap | Raw Cotton | Raw Wool | Hides, Wet and Dry | Wood Pulp | Rubber | Iron and Steel Manu- factures |
|------------------|--------------------|-----------------------|------------------------------------|------------------------------------|--------------------------|------------------|------------------------------------|--|
| Monthly Average— | (thous. cwt.s.) | (thous. tons) | (thous. centals of 100 lbs.) | (thous. centals of 100 lbs.) | (thous. cwt.s.) | (thous. tons) | (thous. centals of 100 lbs.) | (thous. tons) |
| 1929 ... | 9,314 | 480 | 1,283 | 678 | 98 | 137 | 330 | 235 |
| 1930 ... | 8,731 | 363 | 1,011 | 652 | 108 | 128 | 326 | 243 |
| 1931 ... | 9,952 | 185 | 989 | 707 | 106 | 122 | 237 | 237 |
| 1932 ... | 8,803 | 159 | 1,048 | 765 | 105 | 153 | 176 | 133 |
| 1933 ... | 9,366 | 234 | 1,169 | 793 | 120 | 162 | 189 | 81 |
| 1934 ... | 8,552 | 392 | 1,052 | 657 | 116 | 187 | 395 | 114 |
| 1935 ... | 8,435 | 415 | 1,060 | 720 | 141 | 185 | 325 | 96 |
| 1936 ... | 8,401 | 587 | 1,289 | 762 | 157 | 307 | 116 | 124 |
| August, 1936 ... | 7,483 | 630 | 1,145 | 334 | 168 | 196 | 89 | 142 |
| August, 1937 ... | 8,588 | 691 | 645 | 374 | 217 | 172 | 414 | 213 |

SOME LEADING EXPORTS

| Date | Coal | Iron and Steel | Machin- ery | Cotton Yarns | Cotton Piece- Goods | Woollen Tissues | Worsted Tissues | Motor Cars |
|------------------|------------------|----------------------|------------------|-----------------|---------------------------|----------------------|----------------------|---------------|
| Monthly Average— | (thous. tons) | (thous. tons) | (thous. tons) | (mill. lbs.) | (mill. sq. yds.) | (thous. sq. yds.) | (thous. sq. yds.) | (number) |
| 1929 ... | 5,022 | 365 | 47 | 11.8 | 306 | 9,016 | 3,490 | 1,991 |
| 1930 ... | 4,573 | 263 | 40 | 11.1 | 201 | 6,587 | 2,893 | 1,602 |
| 1931 ... | 3,563 | 165 | 27 | 11.4 | 143 | 4,694 | 2,479 | 1,429 |
| 1932 ... | 3,242 | 157 | 25 | 13.9 | 183 | 4,461 | 2,358 | 2,246 |
| 1933 ... | 3,256 | 160 | 23 | 15.8 | 169 | 5,110 | 2,741 | 2,821 |
| 1934 ... | 3,305 | 188 | 28 | 10.9 | 166 | 5,745 | 2,772 | 2,904 |
| 1935 ... | 3,226 | 193 | 32 | 11.8 | 162 | 5,934 | 3,205 | 3,659 |
| 1936 ... | 2,878 | 184 | 32 | 12.6 | 160 | 6,523 | 3,304 | 4,268 |
| August, 1936 ... | 2,754 | 164 | 28 | 11.7 | 159 | 7,907 | 3,889 | 2,557 |
| August, 1937 ... | 3,529 | 201 | 35 | 13.6 | 162 | 8,377 | 4,145 | 4,588 |

PRICES

1. WHOLESALE PRICES

| Date | Index Number (Sept. 16th, 1931 = 100) | | | | |
|--------------------|---------------------------------------|--------|--------|-------|---------|
| | U.K. | U.S.A. | France | Italy | Germany |
| Average 1929 ... | 150.9 | 139.4 | 141.3 | 146.0 | 126.1 |
| 1931 ... | 107.7 | 103.5 | 105.5 | 103.5 | 101.9 |
| 1932 ... | 103.5 | 89.3 | 92.0 | 93.1 | 88.7 |
| 1933 ... | 103.5 | 93.7 | 87.7 | 86.6 | 85.7 |
| 1934 ... | 106.4 | 111.1 | 83.1 | 84.2 | 90.4 |
| 1935 ... | 108.1 | 120.3 | 78.4 | 97.2 | 93.5 |
| 1936 ... | 116.2 | 121.4 | 90.6 | 112.5 | 95.6 |
| End Aug., 1936 ... | 116.6 | 121.5 | 89.3 | — | 96.0 |
| " Sept., 1936 ... | 118.5 | 121.8 | 96.4 | — | 95.9 |
| " Aug., 1937 ... | 138.0 | 133.0 | 132.4 | 137.2 | 98.1 |
| " Sept., 1937 ... | 135.0 | 131.5 | 139.4 | 139.3 | 97.6 |

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

2. RETAIL PRICES (cost of living)

| Date | Food | Rent (including Rates) | Clothing | Fuel and Light | Other Items included | All Items included |
|--------------------|------|------------------------------|----------|----------------------|----------------------------|--------------------------|
| End of 1929 ... | 57 | 52 | 115 | 75 | 80 | 66 |
| 1931 ... | 31 | 54 | 90 | 75 | 75 | 47 |
| 1932 ... | 23 | 55 | 85 | 70-75 | 70-75 | 42 |
| 1933 ... | 24 | 56 | 85 | 70-75 | 70-75 | 42 |
| 1934 ... | 25 | 56 | 85-90 | 70-75 | 70-75 | 44 |
| 1935 ... | 31 | 58 | 85 | 75 | 70 | 47 |
| 1936 ... | 36 | 59 | 90-95 | 75-80 | 70 | 51 |
| End Aug., 1936 ... | 31 | 59 | 90 | 70-75 | 70 | 47 |
| " July, 1937 ... | 40 | 59 | 105 | 75 | 75 | 55 |
| " Aug., 1937 ... | 40 | 59 | 105 | 75-80 | 75 | 55 |

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

| Date. | Wheat No. 1 N. Manitoba | Sugar Centrifugals U.K. | Cotton American Middling | Wool 64's tops avgs. | Pig-Iron, Cleveland No. 3. | Tin, Standard Cash | Rubber Plantation Sheet |
|------------------|----------------------------------|-------------------------------|--------------------------------|----------------------------|----------------------------------|--------------------------|-------------------------------|
| | per qr. s. d. | per cwt. s. d. | per lb. d. | per lb. d. | per ton s. d. | per ton s. d. | per lb. d. |
| Average 1929 ... | 54 0 $\frac{1}{2}$ | 9 0 $\frac{1}{2}$ | 10.29 | 38 $\frac{1}{2}$ | 70 4 $\frac{1}{2}$ | 203 $\frac{1}{2}$ | 10 $\frac{1}{2}$ |
| 1931 ... | 28 2 $\frac{1}{2}$ | 6 4 $\frac{1}{2}$ | 5.08 | 23 $\frac{1}{8}$ | 58 7 | 118 $\frac{1}{2}$ | 3 $\frac{1}{2}$ |
| 1932 ... | 30 6 $\frac{1}{2}$ | 5 9 $\frac{1}{2}$ | 5.29 | 22 $\frac{1}{8}$ | 58 6 | 136 $\frac{1}{2}$ | 2 $\frac{1}{2}$ |
| 1933 ... | 28 2 | 5 4 | 5.53 | 28 $\frac{1}{8}$ | 62 3 | 194 $\frac{1}{2}$ | 3 $\frac{1}{2}$ |
| 1934 ... | 30 11 | 4 8 $\frac{1}{2}$ | 5.66 | 30 $\frac{1}{2}$ | 66 10 $\frac{1}{2}$ | 230 | 6 $\frac{1}{2}$ |
| 1935 ... | 34 3 $\frac{1}{2}$ | 4 8 | 6.69 | 28 | 67 10 | 225 $\frac{1}{2}$ | 5 $\frac{1}{2}$ |
| 1936 ... | 38 0 | 4 8 $\frac{1}{2}$ | 6.67 | 32 $\frac{1}{2}$ | 73 0 | 204 $\frac{1}{2}$ | 7 $\frac{1}{2}$ |
| Sept., 1936 ... | 40 3 | 4 7 | 6.80 | 32 $\frac{1}{2}$ | 75 0 | 194 $\frac{1}{2}$ | 7 $\frac{1}{2}$ |
| Aug., 1937 ... | 51 2 $\frac{1}{2}$ | 6 6 $\frac{1}{2}$ | 5.88 | 38 $\frac{1}{8}$ | 101 0 | 264 $\frac{1}{2}$ | 8 $\frac{1}{2}$ |
| Sept., 1937 ... | 54 3 $\frac{1}{2}$ | 6 5 | 5.34 | 35 $\frac{1}{2}$ | 101 0 | 258 $\frac{1}{2}$ | 9 |

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